

TEXAS.

Mamie Dyer to be postmaster at Tolar, Tex. Office became presidential January 1, 1920.

Tom Hargrove to be postmaster at Woodsboro, Tex. Office became presidential January 1, 1921.

Floyd S. Worth to be postmaster at San Benito, Tex., in place of J. L. Crawford, resigned.

UTAH.

Frank M. Shafer to be postmaster at Moab, Utah, in place of F. M. Shafer. Incumbent's commission expired January 23, 1921.

VIRGINIA.

Thaddeus Y. Price to be postmaster at Green Bay, Va. Office became presidential July 1, 1921.

Samuel McCrary to be postmaster at Ivanhoe, Va. Office became presidential January 1, 1921.

Robert E. Fugate to be postmaster at Nickelsville, Va. Office became presidential April 1, 1921.

Bruce L. Showalter to be postmaster at Weyers Cave, Va. Office became presidential July 1, 1921.

Harry Fulwiler to be postmaster at Buchanan, Va., in place of R. H. Latane. Incumbent's commission expired July 21, 1921.

Byrd E. Carper to be postmaster at Newcastle, Va., in place of H. B. Ferrel. Incumbent's commission expired July 21, 1921.

WEST VIRGINIA.

Boyd McKeever to be postmaster at Wardensville, W. Va. Office became presidential January 1, 1921.

WISCONSIN.

Edward Hemphill to be postmaster at Belmont, Wis. Office became presidential January 1, 1921.

William T. Hoyt to be postmaster at Rosendale, Wis. Office became presidential January 1, 1921.

Kate C. Conrad to be postmaster at Hammond, Wis., in place of Dennis Deneen. Incumbent's commission expired September 8, 1921.

Bogue S. Burnett to be postmaster at Mosinee, Wis., in place of E. F. Butler, resigned.

WYOMING.

Frank N. Stuart to be postmaster at Parkerton, Wyo. Office became presidential January 1, 1921.

Owen T. Gebhart to be postmaster at Basin, Wyo., in place of A. W. Coons, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 15, 1922.

RECORDER OF DEEDS FOR DISTRICT OF COLUMBIA.

Arthur G. Froe to be recorder of deeds, District of Columbia.

REGISTER OF THE LAND OFFICE.

Edward P. Gorman to be register of the land office, Wausau, Wis.

POSTMASTERS.

ALABAMA.

Henry H. Farrar, Blocton.

ARIZONA.

James E. Harris, Mayer.

INDIANA.

Charles E. Combs, Bloomfield.

Elisha A. McGinnis, Clayton.

Maude E. Mitchell, Ellettsville.

Lorinda Guy, Etna Green.

Moody L. Katter, Huntingburg.

Ben H. Sink, Jasonville.

Arthur F. Saylor, New Paris.

IOWA.

Raymond W. Rhoades, Glenwood.

Harold H. Hubbard, Rockford.

Christa A. Hendrix, Silver City.

Ira S. Hogate, Tracy.

Walter H. Vance, Winterset.

KANSAS.

E. Ervin Townsden, Hugoton.

Elmer E. Haynes, Madison.

KENTUCKY.

Iley G. Nance, Slaughters.

Austin R. Edwards, Walton.

MICHIGAN.

Clyde C. Buttrick, Ada.
Herbert O'Connor, Holton.

MISSOURI.

Charles T. Wright, Stoutsville.

MONTANA.

Philip Daniels, Anaconda.

NEW HAMPSHIRE.

John A. Gleason, Dublin.

NEW MEXICO.

Charles C. Lee, Las Cruces.

NORTH CAROLINA.

William P. Lee, Benson.

SOUTH CAROLINA.

Elbert L. Marlard, Fountain Inn.

Thomas J. Bolin, Neeses.

De Witt T. Wellborn, Williamson.

Loring Terry, Yemassee.

VERMONT.

Charles F. Thurber, Fairlee.

Arthur G. Folsom, Tunbridge.

WISCONSIN.

Lester B. West, Barron.

Emma V. Clark, Black Earth.

Charles J. Anderson, Clayton.

John W. Crandall, Deerbrook.

Eugene B. Williams, Hurley.

Mabel A. Coates, Juda.

Mamie Bader, Kennan.

Frank E. Munroe, Ladysmith.

Charles H. Lake, Marshall.

Verner A. Nelson, Ogema.

Monroe V. Frazier, Readstown.

Charles A. Arnot, South Wayne.

Ole S. Torgeson, Stoughton.

David E. Lamon, Three Lakes.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *February 15, 1922.*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, Thou art ever present, truest Friend. Day unto day Thy providence uttereth speech. Thou dost throw open the doors of every morning and breathe Thy life and spread Thy light. O do Thou accept the gratitude of all our hearts. May the constancy of such divine care make urgent appeal to our moral obligation, strengthen our affections, and deepen our sympathies. Direct us how to employ all those standards of duty that inspire strength and courage and determine wise and intelligent government. Help any who may be against the sharp edges of care and affliction and at last may we have refuge in the folds of Thy arms. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

NO QUORUM—CALL OF THE HOUSE.

Mr. DOWELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Iowa makes the point of order that there is no quorum present. It is quite clear that there is no quorum present.

Mr. WALSH. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anson	Brinson	Chandler, Okla.	Coughlin
Appleby	Britten	Cockran	Crowther
Barkley	Brooks, Pa.	Codd	Curry
Beedy	Burke	Cole, Ohio	Deal
Bird	Burton	Connally, Tex.	Driver
Bland, Ind.	Butler	Connolly, Pa.	Dunbar
Bond	Cannon	Cooper, Ohio	Dupré
Brennan	Cantrill	Cooper, Wis.	Dyer

Fairchild	Johnson, S. Dak.	O'Brien	Speaks
Faust	Kahn	O'Connor	Sproul
Fields	Keller	Ogden	Steenerson
Frear	Kelley, Mich.	Oliver	Stevenson
Free	Ketcham	Paige	Stiness
Freeman	Kiess	Parker, N. J.	Strong, Pa.
Frothingham	Kitchin	Parrish	Sullivan
Gallivan	Knight	Patterson, Mo.	Taylor, Ark.
Goldsbrough	Kraus	Patterson, N. J.	Taylor, Colo.
Gorman	Kreider	Porter	Tilson
Gould	Kunz	Pou	Timberlake
Graham, Pa.	Lankford	Rainey, Ala.	Tinkham
Green, Iowa	Lee, N. Y.	Ransley	Upshaw
Greene, Mass.	Lineberger	Reavis	Vare
Greene, Vt.	Linthicum	Reber	Ward, N. Y.
Griest	McKenzie	Riddick	Watson
Hadley	Madden	Riordan	Williams
Hawley	Mansfield	Robsion	Winslow
Hays	Mapes	Rodenberg	Wise
Hill	Michaelson	Rogers	Wood, Ind.
Hogan	Mills	Rose	Woods, Va.
Houghton	Moore, Va.	Ryan	Wurzbach
Hukriede	Moores, Ind.	Sabath	Yates
Ireland	Mott	Sanders, N. Y.	Young
James	Mudd	Shaw	
Jefferis, Nebr.	Newton, Mo.	Slemp	
Johnson, Ky.	Nolan	Smithwick	

The SPEAKER. Two hundred and ninety-three Members are present. A quorum is present.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move to suspend further proceedings under the call.

The SPEAKER. The gentleman from Kansas moves to suspend further proceedings under the call. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The doors will be opened.

The doors were opened.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 7077. An act to increase the force and salaries in the Patent Office, and for other purposes.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 3076. An act to create a bureau of aeronautics in the Department of Commerce, to encourage and regulate the operation of civil aircraft in interstate and foreign commerce, and for other purposes.

The message also announced that the President pro tempore had appointed Mr. HALE and Mr. PITTMAN members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Navy Department (headquarters, United States Marine Corps).

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee as indicated below:

S. 3076. An act to create a bureau of civil aeronautics in the Department of Commerce, to encourage and regulate the operation of civil aircraft in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the roll of committees.

The Clerk proceeded to call the roll of committees.

Mr. FOCHT (when the Committee on the District of Columbia was called). Mr. Speaker, I call up the bill S. 2265, to regulate marine insurance in the District of Columbia, and for other purposes.

The SPEAKER. The gentleman from Pennsylvania calls up the bill S. 2265.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. This being a measure of unfinished business on District of Columbia day which has already had some consideration, is it in order that the same measure can be taken up under the Calendar Wednesday rule?

The SPEAKER. The Chair is not aware that that question has ever been raised. The Chair is ready to hear any argument against it.

Mr. WALSH. Well, I raise the question as a point of order. Mr. Speaker, the rule provides that alternate Mondays—I think the second and fourth Mondays—shall be set aside for the consideration of business from the Committee on

the District of Columbia. This measure has been up and considered in Committee of the Whole House on the state of the Union and general debate for some little time has been had on it. It is therefore, I assume, the unfinished business on District day, and it would be in order upon another District day to proceed with its consideration.

Now, if it is in that condition upon District day, I can not quite see how that same committee can, when it should be reached upon Calendar Wednesday, take up the same measure under a different rule of the House, although I am aware that there is no limitation or restriction in the Calendar Wednesday rule.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. WALSH. Yes.

Mr. SEARS. If the Speaker holds that this bill is in order, would we begin where we left off, or start in with the beginning of the bill?

Mr. WALSH. Of course, if this is in order I suppose we would begin under the Calendar Wednesday rule.

Mr. SEARS. At the beginning of the bill, and if we fail to finish it to-day, when the next District day comes we would start where we left off?

Mr. WALSH. I do not know. I suppose that would be the case.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WALSH. I will yield for a question.

Mr. BLANTON. On the last District day this bill was debated under general debate by the proponents of the measure for nearly their whole hour. Now, if it were taken up under the Calendar Wednesday rule the proponents of the bill would have another additional hour.

Mr. WALSH. They were not restricted to an hour on Monday under the District rule.

Mr. BLANTON. It would work to the advantage of the proponents of the bill and give them an hour's more time than those against the bill would have.

The SPEAKER. The Chair will ask the gentleman from Massachusetts, does not the Calendar Wednesday rule provide, "on a call of committees under this rule bills may be called up from either the House or the Union Calendar, excepting bills which are privileged under the rule"? The question before the House would be whether a District bill would have a preference to-day under the rule.

Mr. WALSH. Of course, Mr. Speaker, they do have a certain privilege under the rule, setting aside alternate Mondays for District business, and that committee can start a measure on the first Monday of the session on which its business is in order and can keep that measure up the entire session on alternate Mondays until it is completed, resting, of course, upon the recognition by the Speaker and the action of the chairman of the committee. The days were set aside, I assume, in order to give this committee certain preference or precedence, so that the business relating to the District should be assured consideration and action. Now, if they can do that, it seems to me we are giving them an additional privilege if we permit a single measure to have this chance upon District day and also be permitted to call it up under another rule with different limitations as to debate, particularly when there are other measures from the same committee awaiting consideration.

Mr. MANN. Mr. Speaker, take this case. We have a Unanimous Consent Calendar. A bill may be under consideration on unanimous-consent day and not finished, and that has occurred in the history of the House. Would anyone suggest that because a bill is on the Unanimous Consent Calendar it could not be considered on Calendar Wednesday? Would anyone suggest that because the consideration of a bill had been commenced on unanimous-consent day the committee would lose its right to call it up on Calendar Wednesday? I think not. The Committee on the District of Columbia does not report privileged bills. It has no greater privilege than the Committee on Claims or the Committee on War Claims or over any other bill on the Private Calendar. The rules set apart a day for the consideration of bills reported from the District of Columbia Committee, and the rules also sets apart a day for the consideration of bills on the Private Calendar. But setting apart that day does not constitute bills which go on the calendar privileged bills. Privileged bills under the uniform and invariable practice of the House are those bills which are either a high privilege of the House or bills by virtue of the rules reported on the floor of the House. That carries with it the right to call up a bill at any time. Under the uniform practice of the House where the District Committee is authorized to call up a bill on a day set apart for it, the bill is not privileged. The only restriction in the Calendar Wednesday rule against the calling up of a bill is that privileged bills shall not be called up.

Now, we commenced the consideration of this bill on District day. I do not think if we go into Committee of the Whole on the bill that the bill will have to be read again the first time. The rule in reference to debate is a mere limitation on Calendar Wednesday, and of course that would apply.

Mr. WALSH. Will the gentleman yield?

Mr. MANN. I will.

Mr. WALSH. The consideration of this measure having been begun on the day set apart for a certain committee, and having been under consideration, does not that thereby give the bill a certain privilege which other measures from the same committee do not have?

Mr. MANN. No; the committee would not be required to call up that bill on the next District day, even if it has not been disposed of. The committee exercises the right to call up such bills as it pleases. It is not required to call up unfinished business, and no Member of the House can bring it up except by direction of the committee.

Mr. WALSH. That also applies to privileged bills; the chairman of the committee is not obliged to bring it up.

Mr. MANN. Certainly not.

Mr. McARTHUR. Mr. Speaker, it seems to me that in the consideration of the rules of the House we should bear in mind that Calendar Wednesday was set aside for a particular purpose. We have a day set aside for unanimous consent, another day for the consideration of District of Columbia legislation, and another day for consideration of pension legislation. We have, under the rules, certain days for these committees to call up their bills, and practically all other legislation must await the call of its committee on Calendar Wednesday. It seems to me manifestly unjust and not within the spirit of the rules of the House to allow committees that have a right of way with their legislation to come in and usurp Calendar Wednesday, which is set aside for all legislation not privileged and not favored by special days under the rules. I submit that the other committees have a right to be heard on Calendar Wednesday and that privileged and favored committees should not come in and usurp this day when they have certain days set aside for their own legislation.

Mr. WINGO. Mr. Speaker, I think the Speaker in undertaking to decide the point of order should take into consideration the fact that when the House drafted the Calendar Wednesday rule it did it with full knowledge of the fact that a special day had been set aside for the District of Columbia for a great many years before; that the provision with relation to privileged bills refers, of course, to privileged bills reported from the floor. A District of Columbia bill would not be considered a generally privileged bill. It is privileged for that day. Why? Because the committee has the privilege of consideration that day, but not any particular bill is privileged.

Now, when they drew the Calendar Wednesday rule, the House did not see fit to say that any committee except those that had special days set aside; it said any committee. The District of Columbia Committee has the right on this call on Calendar Wednesday to call up any bill. If the committee desired to call up a bill, it makes no difference at what stage the consideration of a bill is; the question is whether this committee will call it up. If it calls up the bill, it means that we start with the consideration of the bill at the point at which we stopped when it was under consideration before.

There is a clear distinction between the rules for bringing it up and the rules for its consideration. If he calls up the bill, he calls it up in its present status; and to say that because forsooth on District day a certain bill was considered and reached a certain stage, the District of Columbia Committee is thereby robbed of its rights on Calendar Wednesday and is compelled to call up some other bill, would tend to delay legislation. Is it not in the interest of orderly legislation in the House that the District of Columbia Committee should do what it did to-day, call up that bill the consideration of which is more nearly completed? I see no view under which the Speaker ought to add by interpretation to the Calendar Wednesday rule and say that any committee may call up a bill except some committee that has a special day. I think the Speaker would not be justified in holding that. Personally I wish the Committee on the District of Columbia had waived its rights to-day, but it is clearly within its rights to claim this Calendar Wednesday, and no distinction having been made against it, it stands on the same footing with every other committee, and it may exercise its rights, and it is for it to determine which bill it will call up.

Mr. WALSH. Will the gentleman yield for a question?

Mr. WINGO. Yes.

Mr. WALSH. Assuming that last Monday there had been one hour's debate upon this measure, controlled by the chair-

man of the Committee on the District of Columbia, would the gentleman say that on Calendar Wednesday there should be only one hour's debate, controlled by those opposed to the measure?

Mr. WINGO. I should not think so necessarily.

Mr. WALSH. In what situation would the bill be?

Mr. WINGO. As a general proposition I think when the bill is called up it is called up in the status that existed at the time the House ceased consideration of it. That is the general proposition. In other words, the chairman of the committee does not call up the bill necessarily as a new matter. He calls up the bill for further consideration.

Mr. WALSH. Suppose that under the five-minute rule section 12 of the bill had been reached on last Monday. Would we start in with section 13 under the five-minute debate to-day?

Mr. WINGO. I should think so. That would be my judgment.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I was just about to suggest in answer to the gentleman from Massachusetts that the facts in this case are that no limitation has as yet been fixed upon debate on this bill. There was no limit fixed when it was under consideration on District day.

Mr. WALSH. I appreciate that.

Mr. MANN. The Calendar Wednesday rule does not give the right of general debate. It only limits it.

Mr. WINGO. Yes; it is only a limitation, not a right, so different chairmen have decided.

Mr. FOCHT. Mr. Speaker, the whole matter seems clear enough. If the argument offered by the gentleman from Oregon [Mr. McARTHUR] should prevail, then the Committee on the District of Columbia never would have Calendar Wednesday as an opportunity for the consideration of legislation. The gentleman reasons from the standpoint of sentiment rather than from the rule as laid down. Now, the gentleman from Illinois [Mr. MANN] has set forth very clearly that this question of privilege for the District of Columbia Committee pertains to the day and not to the legislation. There is nowhere a denial of the right of the Committee on the District of Columbia to respond to the call of the committees. I would like to call the attention of the Chair to clause 8 of Rule XXIV, on page 396, which says:

The second and fourth Mondays in each month, after the disposal of such business on the Speaker's table as requires reference only, shall, when claimed by the Committee on the District of Columbia, be set apart for the consideration of such business as may be presented by said committee.

That is interpreted to mean not a privilege as to legislation but as to that day. Well, that day has gone, and has been exhausted, and its rights so far as privilege is concerned are gone.

Now, on page 393, under clause 7 of Rule XXIV:

On a call of committees under this rule bills may be called up from either the House or the Union Calendar excepting bills which are privileged under the rules.

Then what bills are privileged under the rules? We turn to page 309 and under clause 56 of Rule XI relating to committees we find an enumeration of the committees that have privilege, and the Committee on the District of Columbia is not one of them. Therefore I can only emphasize the statement made by the gentleman from Illinois [Mr. MANN] that the question is one of substance rather than a limitation of the day.

The SPEAKER. So far as the Chair knows, this is a novel question, which has not been decided before either by the Speaker or by the House. It brings up for interpretation that clause of the rule which says that any bill may be called up on Calendar Wednesday excepting bills which are privileged under the rules. To hold that the Committee on the District of Columbia can not bring up a bill would be to hold that the bills of the District of Columbia are privileged. The Chair thinks what the gentleman from Pennsylvania [Mr. FOCHT] has just said is true, that it would mean that all bills reported by the Committee on the District of Columbia are prohibited from consideration on Calendar Wednesday, which would mean that the District of Columbia Committee might just as well not be called on Calendar Wednesday. There is, of course, force to the statement made by the gentleman from Massachusetts [Mr. WALSH] and the gentleman from Oregon [Mr. McARTHUR] that Calendar Wednesday was meant for bills which were not privileged and therefore had no other opportunity, and that in that light District of Columbia bills having a certain day might be considered in that sense as privileged. But the words "privileged bills" have in habitual a certain meaning. They mean bills which are reported from the floor, and it seems to the Chair that he ought not to put an unusual interpretation on the words "privileged bills" by trying to imagine that the House, when the rule was adopted, meant to include something

which is not ordinarily included in the words "bills that are privileged under the rules." And while this particular bill has already been considered in the Committee of the Whole and thereby has acquired a certain status there, the Chair does not think that has made of it a privileged bill. Therefore the Chair thinks that the bills of the Committee on the District of Columbia, not being of that class which are generally considered privileged bills, can be called up on Calendar Wednesday. The Clerk will report the bill.

The Clerk read the title of the bill (S. 2265) to regulate marine insurance in the District of Columbia, and for other purposes.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union for its consideration, and the gentleman from Oregon [Mr. McARTHUR] will please take the chair.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of S. 2265, to regulate marine insurance in the District of Columbia, and for other purposes, with Mr. McARTHUR in the chair.

Mr. GARRETT of Tennessee. Mr. Chairman, I raise the question of consideration of this bill.

The CHAIRMAN. The question of consideration is raised by the gentleman from Tennessee. The question is, Will the House now consider the bill?

The question being taken, on a division, there were—ayes 89, noes 46.

Accordingly, the committee determined to consider the bill. The CHAIRMAN. There have been but 51 minutes of debate upon this bill, and no one has been recognized yet in opposition to it.

Mr. BLANTON. Mr. Chairman, as most of the hour's time has been used by the proponents of the bill, as a member of the committee I ask for recognition against the bill.

The CHAIRMAN. The gentleman from Texas is entitled to recognition as a member of the committee.

Mr. WINGO. Mr. Chairman, had some one been recognized in opposition to the bill before?

The CHAIRMAN. No one has. Mr. WINGO. The chairman of the committee has simply yielded time to different gentlemen? Is that the status?

Mr. BLANTON. That is the status. The CHAIRMAN. The gentleman from Pennsylvania consumed 51 minutes.

Mr. MANN. That does not make any difference. He gets an hour's time to-day.

Mr. WINGO. I suggest that it might be better to have that question settled now. As I understand the gentleman from Illinois, he takes the position that the 51 minutes used the other day will not be charged up against the hour to-day.

Mr. MANN. That time does not count. Mr. BLANTON. Then I insist on the bill being read.

Mr. MANN. But the bill has been read. Mr. BLANTON. Then we have had 51 minutes of general debate in favor of it, too.

Mr. MANN. Mr. Chairman, it is perfectly plain. There was no limitation of time on general debate on Monday, and the gentleman from Pennsylvania could have used his hour and the gentleman from Texas could have used his hour, and other Members could have used hours, ad libitum, if they had asked for recognition and wanted to use them. The limitation fixed by the House under the Calendar Wednesday rule is that there shall not be more than two hours of general debate on Calendar Wednesday, and that is just as though the House ordinarily, after it has used some time in general debate, which is frequently the case, then limited the time.

Mr. JONES of Texas. According to the gentleman's argument some other man might get an hour, but the gentleman from Pennsylvania could not get another hour.

Mr. MANN. I am not sure that he would be entitled to the hour.

Mr. BLANTON. On that question of order I want to state this: The rule on District day is a little more restrictive than indicated by the gentleman from Illinois. The rule is that the chairman in charge of the bill is entitled to be recognized for an hour.

Mr. MANN. That is the rule always.

Mr. BLANTON. After he has been recognized for an hour on District day the rule provides that any member of the committee who is opposed to the bill, and if there is no such, that any Member of the House who is opposed to the bill is entitled to recognition for one hour. Then the debate can go on alternating an hour for and an hour against; but there is no rule

applicable on District of Columbia day or on Calendar Wednesday or any other day that the proponents of a measure through the chairman can use 51 minutes in general debate in behalf of the bill and that can not be counted against them in debate.

Mr. FOCHT. The gentleman had full opportunity to occupy a part of his time. There was no denial. The gentleman forfeited his chance.

Mr. BLANTON. The gentleman from Pennsylvania will remember that I had risen on the floor, and that I was asking for recognition in opposition to the bill when the House adjourned.

Mr. MANN. The gentleman opposed to the bill now is entitled to recognition unless the gentleman from Pennsylvania wants to use the balance of his nine minutes, and then some Member in favor of the bill is entitled to recognition for the balance of the time in general debate.

Mr. BEGG. Mr. Chairman, will the gentleman yield? Mr. MANN. Yes.

The CHAIRMAN. The Chair is ready to rule. Mr. BEGG. I would like to ask the gentleman's opinion on the statement he just made. The rule does not say that debate shall be limited on Calendar Wednesday. It says that it shall be limited to two hours on bills called up on Calendar Wednesday. If the committee has already exhausted 51 minutes, how can we have two hours and nine minutes more of debate? The rule specifically states that on bills called up debate shall be limited to two hours. It does not say whether the debate is on Wednesday or Monday.

Mr. MANN. That is too fine haired for me to appreciate.

Mr. BEGG. I do not see anything so fine haired about it. It is plain English.

The CHAIRMAN. The Chair is ready to rule. The Chair is of opinion that this bill, having been called up under the Calendar Wednesday rule, it should be considered under that rule just as though there had been no previous debate upon the measure. The Chair, therefore, recognizes the gentleman from Pennsylvania [Mr. FOCHT] for one hour.

Mr. FOCHT. Mr. Chairman, I reserve my time. Mr. BLANTON. Mr. Chairman, I ask for recognition in opposition to the bill.

The CHAIRMAN. The gentleman from Texas is recognized for one hour in opposition to the bill, and the time of the gentleman from Pennsylvania is reserved.

Mr. BLANTON. Mr. Chairman, no other method of procedure than that thus witnessed could have been proper concerning a bill of this character, a bill of 37 pages of legal phrases and terms and clauses and definitions. The chairman has just presented it to this committee of the Whole House for passage without one single word of explanation from the chairman of the committee or any member of it. That is the status now, because the Chair has ruled that this bill is taken up as if it had never been considered before; that it is now being presented to this committee for the first time. If that is so, then we may presume that we have not had any debate upon it. When the distinguished gentleman from Pennsylvania [Mr. EDMONDS] was on the floor the other day he admitted that he was not a lawyer, that he knew nothing about law; he admitted that the chairman of the committee was a newspaper man, that he knew how to conduct a country newspaper, but he was not a lawyer, he knew nothing about law. Yet, without any explanation at all of the meaning of any of these terms and phrases and legal definitions, if you please, 37 pages of them, we are asked now to pass the bill. It is just such procedure and just such acts of Congress that makes it possible for this bulky measure I hold in my hand, House bill 12, with 1,262 pages of general laws, to be codified and passed.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In a moment. The people are tired of so many laws being passed unnecessarily. There are lots of lawyers in the United States who are having their hair turned gray trying to find out what the law of the land is, because we are forever and eternally trying to change the laws, because some pet of ours brings to us a bill which some slick lawyer has prepared for some special corporation in order to get a little inside on the business of the country.

Why, the other day just after this bill had been considered a newspaper of Washington said that when the distinguished gentleman from Pennsylvania, aided and abetted by the chairman, another gentleman from Pennsylvania, passed this measure into law there was a big insurance company of the State of Pennsylvania and another big insurance company of the State of New York ready to come in under provisions of this law and write business for the country. Who prepared this bill for you, brother EDMONDS? It is prepared by an attorney; no one other than an attorney of great ability could have prepared that bill. It shows on its face ability in the legal line. The gentleman

could not have prepared it because the gentleman said that he was not a lawyer. The gentleman introduced it in the House. Who brought it to you for introduction?

Mr. EDMONDS. Does the gentleman want an answer?

Mr. BLANTON. I would like to have one.

Mr. EDMONDS. This bill was prepared by Prof. S. S. Huebner, of the University of Pennsylvania, not an attorney, but an insurance expert employed by the Shipping Board and not interested in any insurance company in the country. [Applause in the galleries.]

The CHAIRMAN. The occupants of the galleries will refrain from applause.

Mr. BLANTON. Would the gentleman go a little bit further and tell us—perhaps Prof. Huebner is in the gallery furnishing applause for his friend from Pennsylvania who has so ably defended the author?

Mr. EDMONDS. Prof. Huebner is in Philadelphia. As the gentleman asked me a question I will answer it. This bill was submitted to the underwriters and their attorneys. It was also submitted to the steamship owners, who desired a bill of this character. It was also submitted to the people who insure, and every one of them doing business wanted this bill.

Mr. BLANTON. Would the gentleman mind going a little further and telling us what big insurance company is that in Pennsylvania to which the newspaper the other day referred that in connection with another insurance company of New York expected to come in here after the passage of this bill and write the business?

Mr. EDMONDS. I have no knowledge that any insurance company in the State of Pennsylvania will leave Pennsylvania and come to Washington. They are doing a marine business to-day. I also have an idea that there is none coming from New York. It is very evident the newspapers did not understand that there were reinsurance companies going to be formed to come to the District of Columbia under this bill.

Mr. BLANTON. Well, the gentleman's underwriters and companies in Pennsylvania may be thoroughly satisfied with it. I take it that they are or he would not be so anxious to pass it into law, but I know that the people and insurance companies doing business in the State of Texas, one district of which I have the honor to represent, do not want this law.

Mr. EDMONDS. Let me answer that.

Mr. BLANTON. And they write me they are hampered and hamstrung by too many laws already. I will yield.

Mr. EDMONDS. I agree with the gentleman that the companies in Texas are hamstrung by laws, but your companies in Texas do not do marine insurance.

Mr. LAZARO. If the gentleman will yield, would the gentleman kindly point to the committee the defects in the bill? That is what we are interested in.

Mr. BLANTON. I am going to do that, but I take it for granted that the proponents of the measure, if they expect the Congress of the United States to add this additional law to the great code of 1,262 pages of general laws, 37 pages more, that they would come here on the floor of the House and explain every provision to our entire satisfaction and convince us that every provision here is a good provision in behalf of not merely the insurance companies, but in behalf of all the people of the United States.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. BLANTON. I will yield.

Mr. BANKHEAD. Although it has been suggested by the chairman there was no debate upon this bill, as a matter of fact I want to ask the gentleman if when this bill was called up a few days ago the author of the bill [Mr. EDMONDS] did not explain its provisions at great length upon the floor of the House?

Mr. BLANTON. As a matter of fact, this bill should have gone to the Judiciary Committee [laughter] if it had not gone to the Committee on the Merchant Marine and Fisheries, because it is full of legal terms and phrases. Whenever a bill full of law phrases comes here that is to affect the interests of all the people of the United States, not merely the District of Columbia, but the interests of the United States, it is not for this committee to control. The gentleman admitted on the floor the other day that, as in their report they say, they offered this bill to the 48 States of the Nation as a model insurance bill, hoping thereby that it will be followed in every State of this Union as a model insurance bill. Then they offered it as a bill of general interest to the whole people of this country. It changes the law with 37 pages of phrases, terms, and definitions. There ought to be a law committee to pass upon it, a committee familiar with the laws of the land.

A MEMBER. Will the gentleman yield?

Mr. BLANTON. In just a moment. I want to answer the gentleman from Alabama first. He wanted to know if we had not had debate upon it.

It was just as I said the other day; the chairman rose and made a little preliminary statement, and did not go so far as he generally does by merely stating that he presumes they do not want to debate the bill, and moves the previous question in the Committee of the Whole, as he does in many instances. But he made a little preliminary statement, not as a lawyer, not explaining the bill from the legal standpoint, and then he yielded 30 minutes to the gentleman from Pennsylvania [Mr. EDMONDS], who, so far as claims are concerned, is very well informed, and I doubt if there is any man in this House better prepared to pass upon claims of all kinds than is the gentleman from Pennsylvania [Mr. EDMONDS]. He is an expert upon them; he has had charge of them; he has had much experience with them; he has learned much about them. But he did not explain any feature of this bill to my satisfaction.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. EDMONDS. I have also had three years' experience on this. I think I know something about it.

Mr. BLANTON. I think the gentleman should have told us something about it.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CHINDBLOM. I happen to be a member of the Committee on the Merchant Marine and Fisheries, and I want to say that there is not a man on that committee, and not a man in this House, or a man in Washington who is better equipped to discuss matters relating to the merchant marine, and particularly about marine insurance, than the gentleman from Pennsylvania [Mr. EDMONDS], so that his ability here and his effectiveness here and his efficiency here is by no means confined to his ability to talk on claims.

Mr. BLANTON. Well, I am glad the gentleman has interspersed my speech with that ray of light.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. SUMMERS of Washington. What period of time is covered by the 1,162 pages of law to which the gentleman has referred?

Mr. BLANTON. That is general law. It contains only those laws that are left. That is, Congress away back yonder would pass one law, and a subsequent Congress would come in and repeal it as a bad law, and so on for years, and it is just what is left of all the laws that have been passed, after eliminating those that have been repealed.

Mr. SUMMERS of Washington. Then this is not 1,162 pages of new law, as the country might be led to believe from the gentleman's statement?

Mr. BLANTON. It is 1,162 pages of general laws that apply to the people of the United States, passed by previous Congresses.

Mr. SUMMERS of Washington. It is the accumulation of over a century?

Mr. BLANTON. Yes; and there are about four or five times as many pages that have been repealed.

Mr. KING. Will the gentleman state his objections to this bill? [Laughter.]

Mr. BLANTON. I am going to, if the gentleman will withhold.

Now, it was intimated that this measure was for the benefit of our merchant marine. It was to protect our merchant marine. It was to give us a chance to insure our merchant marine. That was intimated, but when the gentleman from Pennsylvania [Mr. EDMONDS] was on the floor I had him to admit that, so far as our own insurance is concerned, with respect to the numerous ships which the Shipping Board now has control of, and ships which the Emergency Fleet Corporation has control of, we do not insure any of them, but carry our own insurance.

It is to the interest of the Government to carry our own insurance. We save the profits that the companies make on such a big line of insurance. But I also had him admit the other day that with respect to the ships that we sell to private corporations from time to time there had already been organized under the laws of this country Syndicate B, that writes every single dollar of liability that outsiders owe this Government for ships sold. That has all been provided for by Syndicate B.

But allow me to show you one provision here what it will permit these companies to write. It will permit them to write every kind of insurance that you can think of, except one. They

left out one. Does the gentleman from Pennsylvania know what one was left out? It covers every kind of insurance except one. Let me show you some of those kinds.

Mr. EDMONDS. The gentleman has asked me if I knew. Does the gentleman mean life insurance? It does not include life insurance, and it does not include surety insurance.

Mr. BLANTON. Let me show you what it does include.

Mr. EDMONDS. I tell you what it does not include. It does not include life insurance and it does not include surety insurance.

Mr. BLANTON. I say, let me show you what it does include. It includes, first, marine insurance—all kinds of marine insurance; second, it includes insurance on property and use and occupancy against loss or damage by fire, lightning, tempest, earthquake, hail, frost, snow, explosions—other than explosion of steam boilers or flywheels—breakage or leakage of sprinklers or other apparatus erected for extinguishing fires, and on such apparatus against incidental injury; and against liability of the insured for such loss or damage; and on automobiles against loss or damage from collision or theft, and against liability of the owner or user for injury to person or property caused by his automobile. It also insures against the following:

Third. Against bodily injury or death by accident, and against disablement resulting from sickness, and every insurance appertaining thereto, including quarantine and identification.

Fourth. Against liability of the insured for the death or disability of another.

Fifth. Against loss of or damage to property resulting from causes other than fire, marine, inland navigation hazards, and against liability of the insured for such loss or damage, and on motor vehicles against fire, marine, and inland navigation hazards, and against personal injury or death, and liability of the insured therefor, from explosions of steam boilers and engines, pipes and machinery connected therewith, and breakage of flywheels or machinery, and to make and certify inspections thereof; and against loss of use and occupancy from any cause; against loss by burglary, theft, and forgery.

Sixth. Against loss or damage from failure of debtors to pay their obligations to the insured.

Seventh. Against loss from encumbrances on or defects in titles.

Eighth. Against loss or damage by theft, injury, sickness, or death of animals, and to furnish veterinary services.

Ninth. Against any loss or liability arising from any other casualty or hazard not contrary to public policy, other than that appertaining to or connected with (1) life insurance (including the granting of endowments and annuities), and (2) fidelity and surety bonding.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Just in one moment.

The CHAIRMAN. The gentleman from Texas declines to yield.

Mr. BLANTON. I want to submit, in connection with all those various and sundry kinds of insurance and hazards that they permit under this law to be insured against, that it ought to be against the policy of this country for a company to be able to insure against so many kinds of loss.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield for a question?

Mr. BLANTON. Yes.

Mr. LEHLBACH. Well, why is it against public policy?

Mr. BLANTON. They do not permit life insurance companies to come in under this law. Is it any more different from the kind of insurance provided for in these sections of nine different classes than the classes themselves are different from each other? No. Why do you not let surety and life companies come in under it? There is no reason for it.

It is against public policy. It is against the best interests of this country to permit them to engage in so many dissimilar kinds of business.

Mr. EDMONDS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. EDMONDS. We found that owing to the condition of the code in the District of Columbia it was absolutely necessary for us to prepare these definitions of insurance. At the present time there is no law prescribing these definitions. It was at the request of the District commissioner himself that we put these definitions in this bill. In England the big modern companies that are not 50 years back in their operation are allowed to carry any kind of insurance, providing they keep the necessary reserve for it. Those companies write life insurance. They write surety bonds; they write any kind of insurance; but we did not think it advisable to permit the companies here to do that.

Mr. BLANTON. The trouble is that there is no way of providing that they shall keep the proper reserve so that they can write every kind of insurance imaginable.

Mr. EDMONDS. Will the gentleman allow me to answer that?

Mr. BLANTON. I do not want to yield all my time.

Mr. EDMONDS. I do not want to make a speech, but this bill provides for a proper reserve.

Mr. BLANTON. I want to ask the gentleman if it is not a fact that at the present time, without this law, we have good, strong insurance companies here doing business in the District of Columbia that can insure a man to-day in any or all of the lines of insurance mentioned in this bill?

Mr. EDMONDS. There are a number of different companies—

Mr. BLANTON. That are operating under the present law.

Mr. EDMONDS. Just wait a minute. Most of them are not insurance companies of the District of Columbia. They are admitted to do business here through agents under the District Code.

Mr. BLANTON. Yes; just like the insurance companies of Hartford, Conn., are admitted to do business in the States of Texas and Pennsylvania. They have come here and established themselves. They know what the insurance laws are. They have conducted their business accordingly. Their policyholders understand what the law is.

Mr. EDMONDS. The insurance companies of Hartford, Conn., notwithstanding the fact that they do business in the District of Columbia, would be tickled to death to see this bill go through.

Mr. BLANTON. Let me ask you in that connection about their being tickled to death. Is it not a fact that this bill changes the tax rate on the insurance companies?

Mr. EDMONDS. Yes.

Mr. BLANTON. To the interest of the insurance companies?

Mr. EDMONDS. No; to the interest of the policyholders and in reduction of premiums, because all the tax you put on insurance to-day is loaded onto the premium. This means that the premiums will be reduced to the insured and we will tax the net profits of the company, which is the proper way.

Mr. BLANTON. The gentleman has done all I wanted him to do. He has admitted that the tax rate is changed and that certain companies will be tickled to death. Now, let me tell you something from experience. Whenever you find the tax rate is changed concerning the business of a corporation and you find that the corporations are all tickled to death over the prospect of the passage of the law, you had better watch out.

That is a general proposition that I am going to offer from the experience of life. The gentleman said that these companies are tickled to death over the prospect of the passage of this bill. Yet he argues that it is in the interest of the insured. I want him to name one insured person who is tickled to death over it.

Mr. EDMONDS. All right. This morning I got a letter signed by Mr. Winston Marple, secretary of the American Steamship Owners' Association, asking whether they can not come down here and help to get this bill through. Of course, the gentleman [Mr. BLANTON] may talk for his insurance companies. The insurance companies in Texas may not be tickled to death, but I think the rest of them would be, and the gentleman's experience does not go any further than that.

Mr. BLANTON. Mr. Chairman, pending the explanation of the bill by the proponents of it, and pending their giving us good reasons why the law should be changed by 37 pages of legal particulars, I will reserve the remainder of my time.

Mr. FOCHT. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Chairman, this bill purports to do four or five basic things with regard to marine insurance. I do not believe anyone in this House questions the necessity of the maintenance of a permanent merchant marine in this country. We can not successfully carry on foreign commerce, we can not carry on business except within our own borders unless we have the facilities to deliver the goods that we sell; and to trust to our competitors the delivery of the goods that we manufacture and of the goods that we need for our own use is not a wise policy. If you are running a retail store, you might just as well trust the delivery of your goods to your competitor and expect your business to be benefited thereby as to let the nations which are in competition with us do the carrying trade for this country. But that is not a matter of argument. That is admitted. Now, in order to develop our commerce, in order to carry it in our own ships we must supplement the merchant marine and this expanded commerce with the insurance on the ships and on the goods that are carried in the ships.

Marine insurance has very aptly been called the handmaiden of the merchant marine, because with the insurance goes a knowledge of the character of the goods, the value of the goods, their destination, to whom they are sold, and the price. That information is furnished with the application for the policy, and if you must procure that insurance from the countries of

your competitors you necessarily furnish the countries of your competitors and the agents of those competitors with this information which enables them to beat you in competition. Therefore it is essential there should be built up with the merchant marine an American marine insurance facility.

Mr. EVANS. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. EVANS. It has been stated here that both the insured and the insurance companies are in favor of this bill, these persons being largely located along the seaboard. Why, if that is the case, has no State adopted the provisions of the bill?

Mr. LEHLBACH. Some of the States have adopted some of the salient provisions of the bill; but the insured are not confined to the seaboard, either the Atlantic or the Pacific. The insured are within the four corners of the country, farmers, merchants, western manufacturers that are insured when they go into the export trade by foreign insurance companies, who obtain information and disseminate it among their foreign competitors as to the markets and the prices.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. LEHLBACH. Certainly.

Mr. MOORE of Virginia. I understand that the State authorities that deal with insurance matters have considered the bill and it meets generally with their approval.

Mr. LEHLBACH. That is a fact.

Mr. MOORE of Virginia. I took pains after studying the bill to some extent to communicate with the insurance commissioner of the State of Virginia, and he replied that he was extremely favorable to the bill and hoped that it would be adopted.

Mr. LEHLBACH. In further elaboration of my reply to the gentleman from Nebraska let me say that the principles embodied in the bill have the approval of the Chamber of Commerce of the United States through its committee on insurance matters. That committee is made up of gentlemen who come from Chicago; Helena, Ark.; Milwaukee, Wis.; Hartford, Conn.; Baltimore, Md.; Philadelphia, Pa.; Shreveport, La.; Cleveland, Ohio; and Mansfield, Ohio. Those men are not representing the interests alone of the Atlantic seaboard.

Mr. LONDON. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. LONDON. Why is it necessary to confer the power of every form of insurance except life? It even includes disability insurance. What is the necessity for it?

Mr. LEHLBACH. This is the reason. A merchant shipping goods, either in his own ship or under charter, or shipping them through a freight contract with the ship operator, wants to insure them, and he has got to have insurance or he can not get credit. His paper is not discounted unless his venture is entirely covered by insurance. He has to go to one insurance company to get insurance on the hull. He has got to go to another company to insure his crew. He has got to go to another company to insure the goods against the perils of the sea, against nondelivery, theft, and pilferage. He has to go to another company to insure against such loss as may result from the sickness of the executive officers. He has to go to another company to insure against the hazards pertaining to the transit of the goods, either from the point of destination to the seaboard and from the seaboard to the point of the foreign destination. He has to go to some 25 or 30 different American companies in order to get an insurance that will cover his whole venture. Now, he could walk into an English company or a German company, and before the war to a Russian or Scandinavian company, and they would write one policy covering the whole risk, and there is where he went because that was where he was accommodated. He got one policy, his bill of lading, and went to the bank.

Now, he has to go to 25 or 30 different concerns if he wants to cover the whole venture by insurance in America. It is idiotic, and no other nation prohibits insurance companies doing sufficient business to cover a venture except this. This bill is necessary in order to meet the legitimate demands of exporters in marine insurance. The only reason for limiting the powers of American insurance companies was on the ground that it afforded the insured protection. Now, you can give the same protection by having the necessary reserves for each line of insurance and by keeping them separate and apply the safeguard on each separate line that you do now by having each company insure a particular line. There is no necessity of making it impossible for American insurers to obtain American marine insurance and insuring their venture in foreign markets. Now, that is one of the things eliminated in this bill.

Furthermore, another thing to be done in this bill is to facilitate the establishment in foreign countries of marine insurance companies in order that they may do business where the necessity for it arises. An American merchant purchases

a cargo in Singapore or Yokohama and wants to insure it to this country, but he can not get American insurance, because the companies are restricted so that they can not maintain insurance companies in foreign countries.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. LEHLBACH. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LEHLBACH. I want to touch briefly on the four principal points in the bill: One is the permission to do a sufficient spread of business to meet the demands of the insurance companies by American customers. Second, permission to do business where American business arises throughout the world. Third, there are tax restrictions which should be removed, such, for instance, as taxing the gross premiums received, regardless of the losses. If a company collects \$500,000 of insurance premiums and pays out \$600,000 in losses, sustaining a net loss for the year of \$100,000, it pays taxes on the \$500,000 which it has collected. If a company collects the same \$500,000 and sustains a loss of only \$400,000, netting \$100,000 of profit, that company does not pay one cent more tax than the company that sustains the loss of \$100,000. What is the result? You are checking initiative, checking American companies from going into new lines, experimenting, taking the necessary losses in order to gain experience, and to be in a position to compete with foreign companies.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. LONDON. The tax on net profits, however, is dangerous, because the State does not reserve the right to control the expenditures for salaries, and therefore it can not control the amount which should be reported as profit.

Mr. LEHLBACH. That question has been successfully met in the administration of the income tax law, where the profits of corporations are reviewed by the income-tax agents, and where it is intended to dissipate the profits by the payment of exorbitant salaries, regulations of the Treasury Department very soon clip the wings of that endeavor. The same thing can be done locally. It is the profits that are to be taxed, and consequently the entire assets of the company, the entire income of the company can be examined in order to see whether expenditures are in fact profits or not. The fourth thing attempted to be done by this bill is to permit reinsurance. Everyone who knows the first rudiments of insurance knows that the wider the spread, the more constancy there is between income and loss.

The more contracted the spread is, then the more one big unexpected loss may result in the pecuniary embarrassment of the underwriter. Where reinsurance is facilitated, where you have a number of companies joining in big and diversified risks, you have constancy and safety. These, as well as other things, are not primarily in the interest of the insurance company, but they are in the interest of those who want to do business with the insurance companies and that they are not at present permitted to do.

This bill is not intended to and will not give insurance companies of the District of Columbia a preference in competing locally with the local insurance companies from the States. That is neither the intention nor will it be the effect of the bill. The object is to create a condition here in the District of Columbia and to serve as a model to create conditions throughout the country generally to enable our capital successfully to compete in marine insurance with the rest of the world, in order that our merchants who have to insure their cargoes, our shipowners who have to insure their ships in which those cargoes are carried, will not have to lay down before the agents of our competitors the information that goes with the insurance.

Mr. FOCHT. In addition to facilitating the underwriting for those who wish to be insured, will the gentleman approximate the amount of cash, liquid cash, that would be retained in this country that now goes abroad for this purpose?

Mr. LEHLBACH. Oh, hundreds of millions of dollars.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. BLANTON. Mr. Chairman, I yield the gentleman two minutes more in order to ask him a question. The gentleman spoke of German and English companies that could write all of these various classes of insurance, destroying competition in this country with our companies, and compelling lots of money to go abroad. Under this bill, excluding life insurance and surety insurance, is it not a fact that insurance companies that will do business under the bill will compete with every other

insurance company in the United States doing a similar business?

Mr. LEHLBACH. Only under the same restrictions and the same laws locally that the local companies are compelled to work under. Fire insurance is a local insurance. You can not go into a town or city and place insurance against loss by fire without complying with the local regulations that govern insurance against fire, but fire at sea and these other forms of insurance are intended to and will be used only as incidental to marine insurance, making a complete underwriting contract in foreign commerce.

Mr. BLANTON. But you can go into an office in Galveston, Tex., and get all these different classes of insurance that will apply not locally.

Mr. LEHLBACH. You can not get any marine insurance in Galveston, Tex., at all for any substantial amount. If you want to insure a ship for \$2,000,000 you can get probably \$50,000 of insurance out of the \$2,000,000 in Galveston.

Mr. BLANTON. Has the gentleman ever tried it?

Mr. LEHLBACH. I know what the conditions are. There has not been a company in the United States that has ever carried a larger line than \$200,000 on hull insurance. Even without this law we formed a syndicate to carry \$2,500,000, and it will benefit the companies in Texas.

Mr. FOCHT. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman and gentlemen of the committee, I have requested an opportunity to discuss this proposition for a limited period of time because my main purpose is to assert that as a Member of the minority upon the floor of the House and as a member of the Committee on the Merchant Marine and Fisheries, that committee has given the question of adequate marine insurance careful consideration during a period of two or three years, in fact ever since my service in this House began. We have given very careful, mature, nonpartisan consideration to the principles involved in this bill. The evidence discloses that we are confronted by a fact that is discreditable either to our legislation or to our American business genius and initiative, and that fact is this: Annually there is going abroad to foreign competitors of American marine insurance companies millions, hundreds of millions of dollars in premiums that legitimately should remain in the United States. There must be a reason for that condition of affairs, unless we are willing to concede that the British and other foreign competitors outstrip us in their business genius and in their desire to do business on reasonable terms. In looking for the reason for this discreditable condition of affairs the committee came to the conclusion that it was because of limitations put on American concerns by existing laws, particularly on account of the large difference in the operation of laws in the different States.

It was caused especially by reason of the fact that the tax which was imposed is going against the premiums exacted of the American companies instead of against their net income based upon the premiums after deducting their overhead expenses. In my judgment, without having time to discuss the various features of this bill, it is fairly drawn in the interest of the American taxpayer. It has the approval of the Shipping Board. It has the approval of the Merchant Marine and Fisheries Committee, which has given it very careful consideration. It has the approval of all of the other insurance companies of the United States, and it is hoped and believed that by the passage of this bill this restriction upon American companies under the operation of present laws requiring them to work at great disadvantage to foreign competitors will be overcome and a tremendous volume of business and money which by taxation would go to the American Treasury will be held in America. I believe the bill is a conservative piece of legislation. I believe it was presented in a spirit of nonpartisanship and philosophic research and meets the conditions that confront us, and I trust that upon final consideration this bill will pass substantially as presented by the committee. [Applause.] I will yield back any time that may remain.

Mr. FOCHT. Will the gentleman from Texas use some time?

Mr. BLANTON. I yield five minutes to the gentleman from South Carolina [Mr. BYRNES].

Mr. BYRNES of South Carolina. Mr. Chairman, I ask unanimous consent that I may be permitted to speak out of order.

The CHAIRMAN. The gentleman from South Carolina asks unanimous consent to speak out of order. Is there objection? [After a pause.] The Chair hears none.

Mr. BYRNES of South Carolina. Mr. Chairman, I ask this because I do not intend to refer to the provisions of this bill, but I do want to occupy five minutes in an endeavor to keep the record straight as to the appropriations of this Congress and also

to defend the administration of President Harding against a most serious indictment which was made against it by one in a most responsible position. The newspapers tell us this morning that the distinguished Senator from Massachusetts [Mr. Lodge], addressing the Republican members of the Massachusetts Legislature, last evening declared that among the other achievements of the present Congress "appropriations asked for by the departments of \$5,337,000,000 have been cut down to \$1,428,000,000." Believing that the headline was erroneous I looked at the body of the story where I found this statement:

Since the present Congress has been in, the Senator continued, they have reduced the appropriations asked for by the departments from \$5,337,000,000 to \$1,428,000,000.

Now, I know that in politics and in other things if you give a dog a bad name everybody almost will kick him around, and some people have been trying to give the administration of the executive departments a bad name and others following have been lately kicking them around. Abe Martin said "Cy Simpkins bought a pair of shoes for \$6 out of money saved over from the Wilson administration." Some other persons have said that while it took Wilson two years to raise an Army of 4,000,000 soldiers, the present administration has raised an army of unemployed of 5,000,000 in six months. These are partisan criticisms, but I could not believe the distinguished Senator from Massachusetts, the leader of the Senate Republicans, would state that more than three years after the armistice that the executive departments of this Government under Republican control had asked the present Congress for \$5,337,000,000.

Why the last fiscal year prior to the war, 1916, the appropriations only amounted to \$1,114,000,000, and the Senate leader says that now President Harding, for his executive departments, is asking for more than \$5,000,000,000 to run the Government of the United States. Why, if that was true we would have much to fear, but fortunately it is not true, and I hasten to let the people of the country know that it is not true. I was waiting here in the hope that some gentleman on the Republican side of the House would rise and defend the administration against this statement. No one has risen, therefore I rise to defend the administration against this indictment and hope in some way to carry this message to the Republican Members of the Massachusetts Legislature that the indictment by the Massachusetts Senator is at least an erroneous indictment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of South Carolina. I will ask the gentleman to give me five minutes more.

Mr. BLANTON. I will yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from South Carolina is recognized for five minutes more.

Mr. BYRNES of South Carolina. Mr. Chairman, the truth is that the administration has asked of this Congress only \$3,801,000,000. I hold in my hand the official estimates from the Budget Bureau footing up \$3,801,000,000, so that the Massachusetts Senator has made a mistake of only one and a half billion dollars against the administration. One and one-half billion dollars is some mistake, and yet it is about as inaccurate as are most of the statements that were made by the Massachusetts Senator in his speech last evening.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of South Carolina. Yes.

Mr. MOORE of Virginia. May I ask this question of the gentleman: Does he think that possibly the Senator made that statement with reservations? [Laughter.]

Mr. BYRNES of South Carolina. I hope so. But I want further to call the attention of the country to the fact that when the Senator from Massachusetts states that the estimates have been cut to \$1,428,000,000 it is difficult for anyone to explain what he did mean, because we know that up to date only six bills have been reported to the House, the total of those bills amounting to \$2,908,000,000, or just about \$1,500,000,000 more than the Senator from Massachusetts said had been appropriated. Where in the world the Senator got his figures from I do not know, but the facts are that last year we appropriated \$3,771,900,514.01, and this year this present Congress has had submitted to it estimates amounting to \$3,801,113,659.53 and supplemental estimates amounting to \$80,000,000, so that the estimates submitted amount to \$100,000,000 more than the appropriations for the current fiscal year.

The Senator said that the Republican Party when it came into control in 1919 had proceeded to reduce the appropriations of the Wilson administration by \$1,500,000,000. Of course it did. In 1918 we were still in war. If that was all we had done we could never defend the record of the Congress before the people. But, as a matter of fact, the Republican Congress re-

duced the appropriation a great deal more than that, and if they had not done it, if they had attempted to appropriate as much in time of peace as had been appropriated in 1918, when we were prosecuting the World War, there would have been no defense on earth to the charge that would justly have been made against the Congress.

The Senator said that the explanation of this reduction is that they have reduced the number of employees this year by 93,000, in that he is accurate. He got those figures from the report of the Civil Service Commission, and he is right. I am glad to know that reduction has been made. But if he had looked at the line just above, in the commission report, he would have noticed that we still have on the pay rolls of the Government 157,684 more persons than were on the pay rolls of the Government on June 30, 1916. It is good to reduce the number by 90,000 this year, but the people believe that in time of peace we should go back to prewar conditions, and Senator LODGE can not justify retaining on the pay roll 157,684 more persons than were on the pay roll in 1916, and he can not justify spending \$3,806,113,659.53, the amount of estimates submitted by President Harding, as against \$1,114,000,000, the amount appropriated in 1916, the last year prior to the war.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. BYRNES of South Carolina. May I have two minutes more?

Mr. BLANTON. I yield to the gentleman two minutes more.

The CHAIRMAN. The gentleman from South Carolina is recognized for two minutes more.

Mr. BYRNES of South Carolina. I asked for that two minutes solely to say this, that in addition to these estimates we have already appropriated in this Congress in deficiencies \$155,833,766.64. The Committee on Appropriations to-day is considering estimates amounting to \$180,000,000, making \$335,833,766.64 deficiency appropriations you are going to make in this Congress; and the people who read of these tremendous savings want to know if you are telling the truth, and if so, then why are you talking every day about levying taxes or issuing bonds to pay the bonus to the soldiers when you claim that you are saving all the way from \$136,000,000, as asserted by the President recently, to \$3,900,000,000, as was claimed by the Massachusetts Senator last evening. The Republican leader of the Senate is claiming a saving of more than \$3,000,000,000, and yet frightening the business people of this country with the issuance of bonds and the levying of new taxes in order to secure funds to pay a bonus to the soldiers. [Applause on the Democratic side.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FOCHT] is recognized.

Mr. FOCHT. Mr. Chairman, before assigning time to another speaker on this bill I wish to say, somewhat in response to the statement made by the gentleman from South Carolina [Mr. BYRNES], that in making his estimate of the number of employees now remaining in excess above the number that were on the pay roll in 1916, if he will just revise his figures and make an estimate deducting the number now employed by the Veterans' Bureau and by the prohibition offices, who were not on the roll in 1916, he will not find much left of his 157,000.

I now yield, Mr. Chairman, five minutes to the gentleman from New Jersey [Mr. APPLEBY].

The CHAIRMAN. The gentleman from New Jersey is recognized for five minutes.

Mr. APPLEBY. Mr. Chairman and gentlemen, I rise to support Senate bill No. 2265. As to my competency to speak on the subject, I will state for the information of the House that I have been a local fire insurance agent for 35 years. I am not now in the business, only in name.

Looking over this measure, it seems to me a very fair and equitable bill. The evolution of fire insurance in the last 25 years has been that of progress. I can remember when we started to write an ordinary fire-insurance policy; hardly was there a lightning clause attached to an insurance policy.

Later came the mortgagee clause, under which no act of the insured could invalidate a policy by keeping the mortgagee from getting his money. Then the 80 and 100 per cent coinsurance clauses made their appearance. Later these same fire insurance companies started to write automobile insurance, first as to fire, and then a combination policy covering fire, theft, burglary, and accidents. In the last few years there has been a tendency all along the line for the assured to ask for one policy covering various forms of insurance, marine as well as fire insurance. This bill allows that. It allows a company to incorporate in the District of Columbia and allows them to write several kinds of insurance. It allows the formation of reinsurance companies. These reinsurance companies at the

present time, of which there are quite a number in the United States, are located in a few cities, notably, Hartford, New York, Philadelphia, Chicago, and San Francisco.

The reinsurance proposition has become so large in the United States that millions of dollars annually have been sent abroad and the insurance placed there and the money kept there. One of the objects of this bill is to have the business done in the United States and to keep the money here and give our shippers and insurers the benefit of all kinds of insurance coming in competition with European companies. The various provisions of the bill are such that the fire, marine, and different departments under the reinsurance proposition must be kept entirely separate. A certain amount of capital, say \$100,000, is taken as a basis, and \$50,000 and \$25,000 added for the various different kinds of insurance that will be done. A great many gentlemen here may not understand what reinsurance is. I will give you a simple illustration. A customer comes in to an insurance agent's office and asks for a policy of \$100,000 on a dwelling or a vessel. The agent writes the \$100,000 in a single company. That home company scatters that risk among nine other companies, at \$10,000 each, and instead of that one company having a gross line of \$100,000 risk, it has a net line of only \$10,000.

The CHAIRMAN. The time of the gentleman has expired.

Mr. APPLEBY. I would like two minutes more.

Mr. FOCHT. I yield two minutes more to the gentleman from New Jersey.

Mr. APPLEBY. Another good feature of this bill has been mentioned by the gentleman from Pennsylvania [Mr. EDMONDS], who made a statement that the taxes levied on fire insurance companies at the present time are upon the gross premiums. This means that the customers have to pay the taxes. Under this bill it is proposed to levy the tax upon the net income of the company, and the company will pay the taxes.

In my judgment the provisions of this bill will allow a number of companies, if they wish to do so, to come to the city of Washington, invest new capital here, and be in a position to compete with the foreign companies—the District of Columbia will be benefited thereby, the American insurer will also be benefited thereby. In my judgment the bill is a fair measure. [Applause.]

Mr. FOCHT. Does the gentleman from Texas wish to use some of his time now?

Mr. BLANTON. I would like to have the gentleman use his time down to the point where the time will be nearly equal.

The CHAIRMAN. The gentleman from Texas has 19 minutes remaining, and the gentleman from Pennsylvania 35 minutes.

Mr. FOCHT. I yield 10 minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY of Texas. Mr. Chairman and gentlemen of the committee, as a member of the Committee on the Merchant Marine I was present at the hearings held on this bill and listened to the reasons presented for its passage at various times for more than a year. I believe every member of the Committee on the Merchant Marine and Fisheries, regardless of party, has at least at heart the desire to promote the prosperity of the American merchant marine. There may be many differences of opinion as to the best method of doing it. For instance, with reference to discriminating duties and subsidies our minority membership would differ entirely and completely from a great many of the majority, we being opposed to both discriminating duties and subsidies and not believing that those are proper or effective means for promoting the merchant marine. But there was one subject upon which we were absolutely agreed, and that was that as a business proposition one of the incumbrances or hindrances to the prosperity of the merchant marine was our lack of an efficient and economical system of marine insurance. We listened to the presentation of the case from the standpoint of the various parties interested, the insurers, the insurance companies, the exporters, and the importers. We find that one of the burdens borne by the American shipowner in competition with the foreign shipowner is the fact that insurance is so much more burdensome to the American than it is to his foreign competitor. The great Lloyd's Insurance Co. of England can insure anything from the fall of a pin to the happening of an earthquake that would engulf the greatest vessel on the ocean. Their capacity for insurance and reinsurance is absolutely unlimited. We found that foreign nations had adopted the wisest policy of establishing marine insurance along the lines of the greatest economy, and we found that in this country marine insurance was practically wiped out by petty restrictions and tax burdens. If a man wants to carry a cargo of cotton from Galveston to Europe he does not go and get his insurance in this country for that cargo. He pays the premium to Lloyd's or some other foreign company. The

result of our investigations was that we dealt with this question of marine insurance without any partisanship at all and we sought to get information from every source to help us frame a wise law. In my judgment the Merchant Marine and Fisheries Committee ought to have had charge of this bill; but because these companies would have to be located in the city of Washington in order to give jurisdiction to Congress to authorize their chartering, it was deemed by the Speaker that the bill belonged to the Committee on the District of Columbia. Now, gentlemen, one of the big things that interfered with our marine insurance was local taxation on the insurance premiums, under which different States assess more or less burdensome rates upon the gross income from premiums.

Mr. MANN. Will the gentleman yield for a question?

Mr. HARDY of Texas. Yes.

Mr. MANN. The gentleman as I understood him stated that all the members of the Committee on the Merchant Marine and Fisheries were favorable to this bill.

Mr. HARDY of Texas. As far as I know, I think absolutely all of them.

Mr. MANN. That committee had given a good deal of attention and consideration to the general proposition.

Mr. HARDY of Texas. For weeks and months, and I might say for a year, we investigated it.

Mr. MANN. If the gentleman will permit, I think that is entitled to a great deal of weight in this House because I do not think anybody else in the House knows much about insurance, marine or otherwise.

Mr. HARDY of Texas. I will say to the gentleman that I do not profess to know much about marine insurance except what I learned in this investigation, but I do believe that the gentleman from New Jersey [Mr. LEHLBACH], the gentleman from Illinois [Mr. CHINBLOM], and the gentleman from Pennsylvania [Mr. EDMONDS] are practically familiar with the workings of marine insurance, and these gentlemen have been with our committee all the time when this investigation took place.

Now, I want to say another thing. It may offend the local interests of some of our people by providing a bill which shall require a tax on marine insurance, to be paid on the net profits of the business and not on the gross receipts of the premiums. You know one of the strong things that promoted the Union of the States was the fact that in foreign commerce the different ports of the colonies or States, after they became free and their independence recognized, had several different systems of import duties; they imposed discriminating duties on foreign tonnage coming into this country. They could not impose a uniform duty. Boston had one duty, New York had another, and Philadelphia had another, and the importers found it for their interest to go where the lowest rate of duty was assessed. Consequently there was a cutthroat competition in the great seaports of the United States, and one of the great incentives to union was the placing of rates on import duties in the hands of the Federal Government to get a uniform system of taxation. It is equally necessary that we have a uniform system of marine insurance, because that is a tax, if our insurance companies are to compete and get any of the business in competition with the systems of the Old World.

The truth is hundreds of millions of dollars have gone out of this country to pay premiums on insurance in London and Hamburg and other foreign countries. We want our merchant marine to have just as fair and economical insurance in the United States as they can get outside of the United States. Then there is another reason. It is charged—I do not know how true it is—that the foreign companies discriminated against the American bottoms and gave better terms to foreign shipping or ships of their own country and therefore aided our competitors in competition between the American and the foreign merchant marine. How much truth there is in that I do not know, but our people believe that the assistance goes that way, that the discrimination does exist.

Gentlemen, it is a question of broad statesmanship and not of local, petty conflicting interests. Every port in the United States is interested in having a uniform system of marine insurance. Every industry in the United States, and particularly the industries of the South, which has the greatest export business in proportion to their earnings in any part of the country, is interested in the economic provisions for transportation across the seas.

As it is now they go to foreign insurance companies for the reason explained by the gentleman from New Jersey [Mr. LEHLBACH]. If a man wants to ship a cargo from Galveston to New York, and he wants to insure his cargo against fire and against damage by icebergs, if he wants to get a full insurance to cover the cargo with all the risks inherent to transportation, he would have, as the gentleman from New Jersey said, to go

to 25, 30, or 50 companies. He could not reinsure in Galveston because they are not authorized to reinsure. The result is he piles it all together and takes out an insurance in some of Lloyd's companies. Gentlemen, it is a question of business and not a question of local interest or politics. I believe every man wants the merchant marine to prosper, and we never will make it prosper unless we can furnish the cheapest unit of transportation, and we can never do it unless we get marine insurance on equally advantageous terms as foreign countries and foreign competitors. [Applause.]

Mr. BLANTON. Mr. Chairman, that very argument in favor of uniform insurance is the strongest argument against this bill. Every bit of the insurance that is authorized under this bill would have to be written here in Washington with companies organized under this bill. Our merchant marine is the sacred name that is being conjured with to use in passing this bill. So far as our own bottoms are concerned all of our ships, as I have already stated, this bill does not affect them at all except cargoes carried in them. If this bill is passed, not a single ship that is owned by this Government will be insured under this law, not one. No one will deny that, because the members of the District Committee know and the members of the Merchant Marine and Fisheries Committee ought to know that every single ship now owned by the United States Government in the control of the Shipping Board and Emergency Fleet Corporation is not and will not be insured, as we are carrying our own insurance. I have already called attention to the fact, and the distinguished gentleman from Pennsylvania [Mr. EDMONDS] has admitted that with respect to all ships that we have sold, operated by other people, syndicate B now carries and will continue to carry insurance on them. It was organized for that purpose. If conditions were as have been stated, that we did not have an adequate way to insure our merchant marine, that this was the only method, then of course this would be a good bill, but I repeat this is not the case, but that the merchant marine is the conjuring name that is used to pass this measure. These two big insurance companies, one from Pennsylvania and one from New York, which the Washington newspapers, which usually find out the facts about things, have told us are to come here and do much of the business under this bill as soon as it becomes a law, will be able to do what kind of business?

They are going to insure under it, not the merchant marine, but let me call your attention to some of the things that they will be able to insure against. There is the failure of debtors to pay their obligations. For instance, a merchant in New York, or in Washington, or in Chicago has a whole lot of accounts outstanding. He is afraid that his debtors will not pay him. He sends to Washington here and these two big insurance companies issue him a policy. That is exactly what they can do under this bill. Section 6 provides that they may insure against the failure of debtors to pay their obligations.

Mr. EDMONDS. Mr. Chairman, is not that done to-day?

Mr. BLANTON. Oh, I know, it is already being done under the present law, and there is no necessity for creating this trust in behalf of these two big companies to do it all. That is what I am talking about.

Mr. LEHLBACH. What harm would it do?

Mr. BLANTON. Then they insure against loss from encumbrances or defective titles. A man in New York, or in Washington, or in Chicago, or in Philadelphia buys a piece of property and pays \$500,000 for it. He has a lurking fear that possibly there is some defect in the title and he goes to these two big trust companies here that are formed to do business under this law, instead of taking out a policy in his home town with his home company that is already doing business. He takes that business away from them and brings it here to these two companies that are doing business under special act of Congress, giving them an inside advantage over all of the other companies of the world. He has his titles insured here in Washington for real estate probably situated in Pittsburgh, Philadelphia, New York, or any other place, instead of giving the benefit to his home company already organized and doing business. They may insure against loss or damage by theft. You can insure yourself against any kind of hazard where thieves can get in and steal your property. These two big trust companies would issue that policy to the detriment of your home companies. They may insure against injury to yourself or to the members of your family or property, or against injury or sickness or death of animals. If you have a fine race horse worth \$50,000, and you are afraid that he is going to get sick on the day of the race out here on the Baltimore track, you can come in here and insure him in these two big trust companies. They will insure against the liability of the horse getting sick, or against his death, or these two big trust com-

panies will obligate themselves to furnish you veterinary treatment for your horses, your cattle, your sheep, your hogs, under this bill. Why can you not do that under present law with your home companies? What connection has that, I say, with the merchant marine, the name with which they are conjuring to pass this bill? Then you can insure against your liability for causing the death or disability of some one else. You are afraid that you might run over somebody with your automobile, and you come here and take that insurance in Washington instead of taking it out at home.

Mr. ZIHLMAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a moment. The gentleman from Pennsylvania has 30 minutes more, and he can yield the gentleman some time. You are afraid that something will fall off the roof of your house on somebody who is passing by at the time and cause injury or death, and you come to Washington and take out that insurance with these two big trust companies. Why do you not do it at home with your home companies? Then they will insure you against bodily injury or death by accident or against disability resulting from sickness. For instance, a person is afraid that he is going to get sick and lose six months' salary. There are insurance companies now that grant policies in your home town and State covering that. Why should you arrange it so that it will necessitate your constituents coming to Washington to get that insurance? Oh, the gentleman laughs. It will be necessitated in this way: They will have special privileges and may give it much cheaper.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. That is the very thing. They will be granted special privileges under this law to write a policy on all of these matters, and they will be permitted by reason of the exigencies of Washington and the surroundings under this bill to write insurance cheaper than any other insurance company in your home town or State, and I am against any such proposition as that.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I want to finish what I am saying.

Mr. EDMONDS. I just wanted to know where the trust company comes in. I have been looking for it for some time and can not find it in the bill.

Mr. BLANTON. A farmer out here in Maryland has a crop of wheat or corn and is afraid that the hail is going to ruin it. He can now go to Baltimore under present laws and take out hail insurance to protect his crop, but under the peculiar provisions of this bill and the privileges to be enjoyed by these two big trust companies coming in here, forsooth, he can get the policy a little more conveniently or more cheaply here in Washington from these trust companies, and you will find the Maryland farmers coming here to Washington to get their hail insurance. Or frost. A farmer is afraid that the frost is going to ruin his corn crop, and he will come here and insure against that with these marine insurance companies. Or snow. Where a man is afraid he is going to suffer some damage because of an unprecedented fall of snow, he will come to Washington to take out his insurance under this bill. Then he can insure against certain kinds of explosions, against loss of automobiles by theft or damage to them. These things are all covered under the privileges to be enjoyed by these two big companies. And it is designated marine insurance!

Fire, lightning, and damages on land—not on sea—concerning property on land—not concerning property on ships—are authorized to be insured against. If you will look closely at this bill, you will see about 1 per cent merchant marine and about 99 per cent trust on every kind of business, and you put into the hands of two big companies the insurance business of the United States and give them special privileges here under a Federal statute. And I am not going to vote for it. I may be the only one, but I am against it. The gentleman says that the people who carry insurance are writing him. One of the biggest shippers of cotton in the United States lives in my home town, and there is not another man in the United States in any 12 months of the year who ships more cotton than he does. He does not ask that this bill be passed. The cotton shippers of Texas do not ask that it be passed.

Mr. EDMONDS. Will the gentleman yield?

Mr. BLANTON. The other cotton shippers of Alabama, Mississippi, and Louisiana are not asking that this bill be passed. I will yield in just a moment. I have not had a single person from the State from which I come to ask that this bill be passed, but I have had lots of them ask that it be not passed. I have had men from the State of Texas who have been in the insurance business as long as the distinguished gentleman from New Jersey has been in the local fire insurance business—35 years—not as little fire agencies but as general agents for big

companies, and they have not asked for this legislation to affect their business. It will let two big trust companies come here, in competition against all other companies of the United States. It is the shutting out of competition—the advantage given them by the special advantages provided for in this bill that gives them the inside on the other companies. Oh, the distinguished gentleman—and there is not a more astute, bright lawyer in the United States than the gentleman from New Jersey, or one who can make a better argument on a proposition—got up here and said that because Lloyd's and German companies, companies that used to do business in Russia and Scandinavia, could issue blanket policy covering every phase of insurance they had run out of business the American companies, because, by reason of convenience to keep from using 20 policies where they could get them in 1, insurers would go to the foreign company, and it hurt American business. And to get around this we ought to build up a local Lloyd's in Washington that shall wipe out all the other insurance companies of the United States and cause men not to go to Lloyd's or German or Russian companies because of convenience, but to come to Washington, to this big Pennsylvania and New York company, because it is a matter of convenience.

Mr. LEHLBACH. Will the gentleman yield for a question?

Mr. BLANTON. I could not refuse.

Mr. LEHLBACH. What is to prevent any or all of the 48 States of the Union from passing similar laws and having their own local Lloyd's?

Mr. BLANTON. What is to prevent every lawyer in the gentleman's State of New Jersey from moving to Washington if he wants to? He does not want to come here; he wants to live in New Jersey. What is to prevent the people in Pennsylvania from moving to Washington? But they want to stay in Pennsylvania and do their business there. And yet you bring in a bill here of 37 pages of legal phrases and definitions to be passed by the Congress, with about 20 or 30 Members on the floor, and the balance of them not knowing what is going on.

Mr. EDMONDS. Will the gentleman yield?

Mr. BLANTON. I will for a question.

Mr. EDMONDS. In regard to the cotton business last year, your patriotic people in Texas allowed England to put one over and placed all the insurance in English companies and required them to be shipped through English companies, and we are trying to get away from that.

Mr. BLANTON. Do you believe that? The Texas shippers of cotton know as much about their own interest as any person in Pennsylvania.

Mr. EDMONDS. They know enough where to get the cheapest insurance, and I do not blame them.

Mr. BLANTON. And the gentleman wants the Pennsylvania company to come to Washington under a special act of Congress, inside, and be able to give cheaper insurance with more convenience to the people of Texas so that they will have to go to Washington to the detriment of all the insurance companies of my State, and I am not going to agree to it.

Mr. EDMONDS. You said it was my company. I deny it. I will not have you make that statement.

Mr. BLANTON. I will not say it belongs to you, because you may not own one. But I say the Washington paper says that it is a company that comes from the gentleman's State.

Mr. EDMONDS. I am not interested in it.

Mr. BLANTON. But you did introduce the bill. Mr. Chairman, I ask that the Chair require the gentleman from Pennsylvania not to interfere with my time. He has had time.

The CHAIRMAN. The time of the gentleman from Texas has expired. The gentleman from Pennsylvania [Mr. FOCHT] is recognized for 25 minutes.

Mr. FOCHT. Mr. Chairman, I yield three minutes to the gentleman from Kansas [Mr. TINCHER].

The CHAIRMAN. The gentleman from Kansas is recognized for three minutes.

Mr. TINCHER. Mr. Chairman and gentlemen of the committee, I am somewhat puzzled over this bill. I am frank to say that I think it quite an important matter to be considered as it has been. However, the members of the committee, in whom I have great confidence, have given the bill great consideration; not the Committee on Claims or the Committee on the District of Columbia, but the Committee on the Merchant Marine and Fisheries. Basing my action upon the last argument made here against the bill, I shall support it. [Laughter.]

If this bill will reduce the price of hail insurance and the price of fire insurance and the price of tornado insurance there is no insurance company that has got such a grip on me but that I shall support this bill; and inasmuch as the gentleman who has just preceded me [Mr. BLANTON] has charge of all the time in opposition to the bill and has made all the opposition to it

that has been made, admits it will reduce these rates, I think it behooves every good, thinking Congressman to vote for the bill. [Laughter.]

Mr. FOCHT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

The CHAIRMAN. The gentleman from Illinois is recognized for 10 minutes.

Mr. CHINDBLOM. Mr. Chairman, the gentleman from Texas [Mr. BLANTON], who has been the only opponent so far upon the floor of the House against this bill, is a member of the Committee on the District of Columbia, which reported this bill. That committee, I am informed, had many hearings on it. I myself am a member of the Committee on the Merchant Marine and Fisheries, and I was a member of the subcommittee that spent many afternoons and evenings far into the night in the consideration of this legislation.

I want to say, first, that the gentleman from Texas a little while ago made some reference to the insurance companies of his State. Under the direction of the Committee on the Merchant Marine and Fisheries a complete report was obtained and published with reference to the status of the marine insurance in the United States, based largely upon full returns and reports submitted under oath by the various companies engaged in the marine-insurance business in the United States. Those reports covered the year 1918. There was only one company in the State of Texas that did any marine-insurance business in the year 1918. That was the Republic Insurance Company, of Dallas. It has a total capital stock of \$200,000, and it has a limited liability upon any single hazard of \$8,000. Of course, they do not begin to do the marine-insurance business in the State of Texas. It is a fact, as was stated by the gentleman from Pennsylvania [Mr. EDMONDS], that the people of Texas and of most of the States of the Union—and Texas is no different in that regard from any other State—the people of Texas are getting their marine insurance abroad and not in the companies of the United States, and for some very good reasons.

I know that there is some opposition to this bill. I know that there is opposition to it coming from some brokers who write insurance for the foreign insurance companies, and who are largely concerned with the commissions paid by the foreign insurance companies. Their usual commission, I am informed, is 5 per cent, with 10 per cent discount for getting business—that is to say, they get a nominal commission of 5 per cent, and then they get an additional 10 per cent for placing the business—which means that they get a total of 15 per cent commission. I am told that is the usual practice.

It has already been shown that two-thirds of the marine-insurance business of this country goes abroad.

Mr. RICKETTS. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. RICKETTS. Why is it that two-thirds of the marine insurance business of this country goes abroad?

Mr. CHINDBLOM. Because we have not the facilities here for handling it. We have not the insurance companies in the United States. In the year 1918 we had 80 companies in the United States which wrote marine insurance business, but not a single one of them was a marine insurance company, pure and simple. They are nearly all fire insurance companies, which write marine insurance on the side.

Mr. RICKETTS. What is the difference in the rate between the two countries?

Mr. CHINDBLOM. The foreign companies, of course, control the rates because they do the bulk of the business.

Mr. RICKETTS. They fix their rate, and the United States fix their rate. What is the difference? Is it higher or lower?

Mr. CHINDBLOM. I doubt if there is any difference. I am not prepared to speak on that feature.

The gentleman from Texas [Mr. BLANTON] has talked about what these two companies that he has dreamed about, that are coming into the District of Columbia for the purpose of consolidating or incorporating, might do by the formation of a trust. Of course that is a hackneyed argument. When you are out of all other arguments, the "trust" argument is the one to bring home to the people. Talk about two insurance companies in the United States coming here to form a trust. That is ridiculous. The insurance business of the United States is not confined to two companies, if there was any such thing intended. But this bill will not affect the fire insurance or the casualty insurance or the liability insurance, or any other insurance business in the States, unless the companies which are incorporated under this bill in the District of Columbia go to the States and obtain licenses to do business there, and when they do that, they become "home" companies, responsible to the State to the extent that they are licensed, and they must then comply with the laws of the State in which they operate.

The only business that these companies organized under this proposed law will be able to write without being subject to the laws of the States is the marine insurance business, which is not local, but which follows the ship upon the high seas all over the world, and the local business which they might write of the kinds that are enumerated in this bill. In other words, one of those corporations may be able to write insurance upon the cargoes and hulls of ships, because that is not localized property.

But whatever business may be done by these companies that may be incorporated under this law, when that business is done in the States, will be subject to the laws of those States. I repeat that because it is essential in this connection, and if your States will not legalize them, will not license them to do business in your States, they can not go there and can not take any of the business away from the local companies.

We are now striving to pass legislation for the maintenance and permanent establishment of a merchant marine for the people of the United States. This is one of the important branches of that legislation. Unless we can provide our own marine insurance, we shall lose control of many other things connected with the shipping interests. I will tell you what the foreign companies do. The foreign companies, which have been writing our marine insurance, have their own salvage companies, they have their own repair men, they have their own subsidiary companies which do all of the ship surveying and fix the amount of damages to be paid. They determine the amount of money to be paid to the owner of the ship, in order to repair a ship which has been damaged, after it has been towed into port. The evidence before the subcommittee with reference to this subject was appalling. It showed that our shipping interests are absolutely tied hand and foot by the foreign marine insurance interests. They write the insurance, they repair the ships, they fix the amount of damage to be paid upon the insurance. They raise or they lower the value of the ship. They can raise or lower the capital invested in the ship by reason of the repairs which they require to be made upon the ship.

Mr. Chairman, this is a technical bill. Some gentlemen have said that it contains a lot of legal phrases on 37 or 38 pages. Of course it does. It has been prepared by experts. It could not be prepared by a mere lawyer. It could not be prepared by the ordinary draftsman of bills. It covers a subject which is technical and specialized. It has been prepared by some of the best experts in the United States upon the subject of marine insurance.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CHINDBLOM. May I have a little more time?

Mr. FOCHT. How much time have we remaining?

The CHAIRMAN. Fourteen minutes.

Mr. FOCHT. I yield to the gentleman from Illinois five minutes additional.

Mr. CHINDBLOM. Mr. Chairman, I was saying that this bill is necessarily specialized. It is necessarily technical. I do not know that any Member could undertake to go through all the sections of the bill and make a statement with regard to all of its provisions which would be entirely satisfactory to the mind of every Member of the House.

The Committee on the Merchant Marine and Fisheries and the Shipping Board had the services of Prof. S. S. Heubner, of the University of Pennsylvania. He is one of the best-known experts on insurance in the United States. He prepared first this report which I hold in my hand of "the status of the marine insurance of the United States," based upon questionnaires that were sent out to all of the companies in the United States.

Mr. WALSH. What insurance company is he connected with?

Mr. CHINDBLOM. None, sir. He is a professor in the University of Pennsylvania. I have never heard of his having any connection with any insurance company.

Mr. LONDON. What is he a professor of?

Mr. CHINDBLOM. He is a professor on the subject of insurance. He is a gentleman who has written quite voluminously upon the subject of insurance in the past.

Mr. HARTER. Will the gentleman, in his time, state how Prof. Heubner got to be such an authority on insurance if he has never been connected with any insurance company?

Mr. CHINDBLOM. I do not believe the gentleman means that I should answer that seriously.

Mr. CARTER. I do. I certainly think it is a very important question. The gentleman says Prof. Heubner is one of the greatest authorities on insurance.

Mr. CHINDBLOM. He is one of the greatest authorities.

Mr. CARTER. What experience has he had which has given him this wonderful knowledge of insurance?

Mr. CHINDBLOM. You might as well ask me why the experts down in the Department of Agriculture have not been farmers.

Mr. CARTER. No; I know something about that and the House knows, but I do not think the House knows anything about Prof. Huebner.

Mr. EDMONDS. Will the gentleman allow me to answer that?

Mr. CHINDBLOM. I yield to the gentleman from Pennsylvania.

Mr. EDMONDS. Prof. Huebner has been a teacher of insurance for 20 years in the University of Pennsylvania. That is his special branch. He has written textbooks on all kinds of insurance—life, marine, fire, and other kinds of insurance—which books are recognized throughout the country as being authoritative. He is considered one of the best experts on the subject in the country.

Mr. CARTER. I thank the gentleman from Pennsylvania for giving me the information.

Mr. LONDON. What justification is there for conferring on these insurance companies the power to insure against loss by encumbrances and defects in title?

Mr. CHINDBLOM. I am glad the gentleman has asked that question. All of the big marine insurance companies in the world outside of the United States—and we have very few real marine insurance companies in the United States—have a large line of business. Marine insurance is very hazardous. The whole business of a marine insurance company might be lost if the company carried too big a risk on a particular ship. There are big profits to be made in the marine insurance business so long as everything goes well, but enormous losses occur when there is a catastrophe. If you give companies a wide latitude, so they can have a wide spread of business, give them the right to write multiple lines of insurance, they will be able to maintain and carry on the business of marine insurance with the rest of their business. The present experience of the insurance companies is that the larger the number of lines of insurance they can write, the better their opportunities to expand and maintain their business.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. HARDY of Texas. The gentleman was talking about reinsurance. As I understand, any company organized under this bill, if it took out insurance on a given vessel, would reinsure it in a number of companies.

Mr. CHINDBLOM. Yes; they can spread it all over the United States. The companies now writing insurance would get a portion of the risk, because it would be spread all through the country.

Mr. LONDON. Will the gentleman yield?

Mr. CHINDBLOM. I will.

Mr. LONDON. Are these companies under this bill authorized to insure title to real estate?

Mr. CHINDBLOM. That only applies to property within the District of Columbia, unless such companies should be licensed in the States.

Mr. FOCHE. Mr. Chairman, when the debate on this question opened the chairman of the committee announced that we were approaching the consideration of a measure that is highly technical, and from the debate that has ensued it is quite evident that it is. The fact of the matter is that any insurance problem is involved and complicated. I heard an insurance man, who claimed to be an expert—and they all claim to be experts—say that even John A. McCall, who was not a lawyer but a great insurance expert, the greatest insurance man the world ever knew, hardly knew himself; but he loaded the policy to such an extent that it worked out and was a success, and that was the answer. He insured the people, made a big profit for the company, until Mr. Hughes brought along his legislation and somewhat modified the profit. Therefore it could not be expected that in the discussion of a bill like this any one individual would be able to entirely clarify the atmosphere and make it a simple problem. But we have had the satisfaction to-day of seeing a straw man, set up and kicked about in this forum, called the trust companies of Pennsylvania and New York.

This introduced a new element into the discussion, something that we did not hear about last summer when the hearings were going on. We had the satisfaction of also learning that the bill, which we were told in the early part of the debate had evidently been framed by a lawyer, was not written by a lawyer but by a layman.

When the measure was before the committee there was made a most sensational statement, the most astounding revelations, by experts from New York and Boston and elsewhere, that I ever heard. I call this preeminently an American bill. Its object and effect is purely American. It is to bring the underwriting to America instead of sending Americans to foreign

countries to underwrite the insurance on our ships. It is designed to keep this money in America. In addition to that the point was made that under the present system, as stated by the gentleman from New Jersey [Mr. LEHLBACH], that in these foreign insurance companies the residents of the United States had to describe the goods, give their value and the destination, South America or elsewhere, which is a highly important thing at this time when we are appealing to America to crystallize the sentiment in favor of foreign shipping. But, more than that, in a time of war, when American battleships were on the ways, they had to be described in every detail to these foreign Governments in Europe in order to get insurance. What a pitiable plight to put America in a time of war—to have her ships before they took the water described in all of their details to foreign companies in foreign countries.

My friends, I agree that we can not know every little detail pertaining to the bill, but we do submit to the intelligence and judgment of the committee that have had hearings on this bill during these last two or three years. But if there is anything in the world that ought to appeal to an American it is to keep our money at home and to do everything possible to enact this progressive and constructive legislation. And in presenting this I appeal to the American spirit and American patriotism, and I hope it will pass. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired. The Clerk will read. The Clerk read as follows:

Be it enacted, etc.—

CHAPTER I.—DEFINITIONS.

SECTION 1. That whenever used in this act—

"Marine insurance" means insurance against any and all kinds of loss of or damage to vessels, craft, cars, aircraft, automobiles, and other vehicles, whether operated on or under water, land, or in the air, in any place or situation, and whether complete or in process of or awaiting construction; also all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, including money loaned on bottomry or respondentia, valuable papers, and all other kinds of property and interests therein, including liabilities and liens of every description, in respect to any and all risks and perils while in course of navigation, transit, travel, or transportation on or under any seas or other waters, on land or in the air or while in preparation for or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including builders' risks, war risks, and for loss of or damage to property or injury or death of any person, whether legal liability results therefrom or not, during, awaiting, or arising out of navigation, transit, travel, or transportation, or the construction or repair of vessels;

"Marine insurance company" means any persons, companies, or associations authorized by this act to write marine insurance within the District;

"Insurance company" or "company" means any insurer, incorporated or otherwise;

"Domestic company" means an insurance company organized under the laws of the District of Columbia;

"District" means the District of Columbia;

"Superintendent" means the superintendent of insurance of the District of Columbia.

Mr. WALSH. Mr. Chairman, I move to strike out the last word in order to ask the gentleman from Pennsylvania [Mr. EDMONDS] a question. Is it not expected that measure will serve as a model to the different States upon which they can base legislation along this line?

Mr. EDMONDS. It is hoped that it will serve as a model to marine States and to such other States as want to take it up. The gentleman's own State, I think, is considering the matter.

Mr. WALSH. Did not this insurance expert, Prof. Huebner, repeatedly say that that was the principal object to be served by this legislation?

Mr. EDMONDS. Unquestionably that is true; yes.

Mr. WALSH. And that it will not be restricted, of course, to the States bordering on the ocean?

Mr. EDMONDS. Oh, no; Illinois is considering it to-day.

Mr. WALSH. Then, if that is so, why do you term all these different classes of insurance "marine insurance"? Why should it not be a general insurance measure?

Mr. EDMONDS. If the gentleman had been here he would have heard my explanation of the matter.

Mr. WALSH. I heard the gentleman's explanation the other day.

Mr. EDMONDS. We found that the code in the District of Columbia did not have a definition of different kinds of insurance, and we were forced to put definitions of insurance in this paragraph. I want to go a little further, and probably this will help the gentleman come to a conclusion in the matter. Marine insurance starts where the goods are shipped from. In other words, cattle will take marine insurance from Nebraska to Liverpool. Marine insurance covers the transportation from the farm to the railroad, the transportation on the railroads, the transportation through the cities to the wharves, the loading on the ships, whatever mortality might occur in handling the cattle along the road, and it also covers the disposition of

the cattle at the other end of the line if they are to be delivered in England inland—it covers it all. It covers it while in warehouses, while in bonded warehouses. That is one reason why we had to define all kinds of insurance, although, if you take it as a matter of fact, in some cases pretty nearly all of these lines of insurance will go into some marine shipments.

Mr. WALSH. But it is not restricted to shipments by rail, which are a portion of the shipment to the destination.

Mr. EDMONDS. Oh, no. The marine policy will be taken out by a manufacturer, we will say, in Chicago, and the marine policy will cover that shipment from the time it leaves the factory in Chicago through all contingencies until it arrives possibly in a store in London.

Mr. WALSH. But it will also permit shipments from Chicago to Arkansas and go no further.

Mr. EDMONDS. In the same car, but that is not marine insurance.

Mr. WALSH. It is made marine insurance by this bill.

Mr. EDMONDS. I do not think so. I question whether a man would take that as marine insurance. That would be taken as local transportation insurance.

Mr. WALSH. The point I am making is that this definition does not restrict the insurance to shipments, a part of which are over navigable waters.

Mr. EDMONDS. Oh, no. We said in the beginning that we were in favor of multiple lines of insurance, and that this bill is for that purpose. The first sections of the bill apply to all insurance.

Then, after that you go into maritime insurance and to reinsurance, and reinsurance applies to all insurance. These definitions apply to all insurance.

Mr. WALSH. The point I am trying to get some information on is why you should legislate to define insurance that has none of the maritime aspects connected with its shipment and is purely a shipment by rail between two points inland as marine insurance.

Mr. EDMONDS. We do not. We acknowledge that that paragraph, chapter 2, applies to all insurance, and the reason we did it was because the code of the District of Columbia had no definitions of insurance, and definitions of insurance have been made by the commissioner of the District. The commissioner did not want to do that; he wanted us to describe the kinds of insurance. We have done it, and then we have said that any insurance company doing business in the District of Columbia can write multiple lines of insurance, and then we go into marine insurance, and into reinsurance.

Mr. WALSH. Builders' risk has none of the qualities of marine insurance.

Mr. EDMONDS. We acknowledge that.

Mr. WALSH. But you say it is marine insurance.

Mr. EDMONDS. Where do we say that?

Mr. WALSH. The gentleman says marine insurance includes insurance against any and all kinds of loss.

Mr. EDMONDS. But only so far as they are connected with marine shipments. We make that large enough so as to cover any possible contingency that might occur in a marine shipment. If there is no builder's risk which goes into a marine shipment, there never will be any insurance in it, but should there be some contingency arise by which a certain amount of builder's risk will be taken up in a policy of some kind in connection with a marine shipment, that would be marine insurance.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WALSH. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. Is there objection.

There was no objection.

Mr. WALSH. Is the gentleman of the opinion that this long sentence in chapter 1, section 1, restricts these various other classes of insurance, builder's risk, and loss of property and loss of papers, and all those other various classes of risks which are declared to be marine insurance, to marine insurance only when they are connected with a shipment of some property by water?

Mr. EDMONDS. Not a shipment by water, but what is known to-day as a marine risk.

Mr. WALSH. I have read the House and the Senate hearings, I have read the report made to the gentleman's committee, the Merchant Marine and Fisheries Committee, and I have read the language of the bill, and from the explanation given before the District of Columbia Committee and the statements made here on the floor I can not see where in this sentence that distinction is made or any limitation of that kind is put upon it.

I would like the gentleman to point out how this limits or restricts.

Mr. CHINDBLOM. May I suggest lines 11, 12, and 13, page 2—"during, awaiting, or arising out of navigation, transit, travel, or transportation, or the construction or repair of vessels"? That is the concluding phrase of the entire definition.

Mr. WALSH. Where does it say the transportation shall be transportation at sea or in a vessel or anything of that sort?

Mr. EDMONDS. First page, lines 5, 6, and 7.

Mr. WALSH. Of course it does not; and it does not hitch up; and my contention is it is not limited or restricted in that way. You are bringing in all these various classes of insurance under the provisions of this bill as marine insurance.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. EDMONDS. I think the gentleman is drawing a wrong interpretation of this sentence. Here is the situation. I read lines 6 and 7:

Marine insurance means insurance against any and all kinds of loss of or damage to vessels, craft, cars, aircraft, automobiles, and other vehicles, whether operated on or under water, land, or in the air, in any place or situation, and whether complete or in process of or awaiting construction.

Turn over and go to lines 11, 12, and 13, page 2—"whether legal liability results therefrom or not, during, awaiting, or arising out of navigation, transit, travel, or transportation, or the construction or repair of vessels." That definition, I think, has already been established by existing law. I think we copied it from some of the State laws. There may be a little change. We consider marine insurance to cover the stages from the beginning of the manufacture of the goods until the point of the delivery of the goods. That is the construction that has been made by all national authorities and by different State authorities. The marine policy will cover that.

Mr. WALSH. Of course, this question arose during the hearings and there seems to be some doubt about it, but does the gentleman think the words "whether legal liability results therefrom or not" refers back to the first part of this section?

Mr. EDMONDS. Most certainly.

Mr. WALSH. I think the gentleman is wrong. It refers to the words "and for loss of or damage to property or injury or death of any person, whether legal liability results therefrom or not."

Mr. CHINDBLOM. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. CHINDBLOM. I presume the gentleman did not mean to include the words "whether legal liability resulting therefrom or not." That refers to the damage or injury, but the other words in line 12, "during, awaiting, or arising out of navigation, travel, or transportation, and the construction or repair of vessels," which modifies, in a way, the entire sentence, ties it up.

Mr. LONDON. If the gentleman will yield, I think the entire section, which consists of one sentence, is too indefinite and lends it to the criticism of the gentleman.

Mr. EDMONDS. I am rather afraid it is.

Mr. LONDON. I think the sentence should be reconstructed. A sentence covering 25 lines is bound to be confusing.

Mr. EVANS. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. EVANS. If your definition found in section 1 is subject to the criticism just suggested by the gentleman from Massachusetts, then in fixing the tax in section 11 it becomes very much more important, does it not, because there you fix a tax on marine insurance and define that part of section 1?

Mr. EDMONDS. It would be naturally important and we would want to have this perfectly plain and understood. It was intended here that the risk connected with marine insurance should be defined as a risk as would arise out of export business from the time it started until the goods arrived.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EVANS. I ask that the gentleman's time be extended for a minute.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. EVANS. Take the last three lines "during transportation"; by taking out the intermediate words would not that make marine insurance simply transportation by rail between two points entirely inland? "During transportation or other travel."

Mr. EDMONDS. If a foreign shipment is transferred from Chicago to New York it is actually transported between the two points in this country by rail.

Mr. EVANS. But is not your language here such that it would be marine insurance under your definition though it were only during transportation between two inland points and not as part of any water transportation at all?

Mr. EDMONDS. No; I do not think so. The phrase "arising out of navigation" modifies that. As a matter of fact, that is done to-day.

Mr. EVANS. It is "arising out of navigation or transportation." You have used both terms, with the disjunctive.

Mr. EDMONDS. Consider that with the first phrase, "insurance against any and all kinds of loss or damage to vessels, craft, cars, aircraft, automobiles, and other vehicles, whether operated on or under water, land, or in the air," and so forth. I think the paragraph has been gone over very carefully, and it covers what we mean. It may not be definite enough, but it covers what we mean.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

CHAPTER II.—KINDS OF INSURANCE THAT MAY BE WRITTEN.

SEC. 3. That a marine, fire-marine, or fire insurance company may be formed, admitted, or licensed to write any or all insurance and reinsurance comprised in any one or more of the following numbered subdivisions:

First. On marine risks as described in section 1 of this act under the definition of "marine insurance."

Second. On property and rents and use and occupancy, against loss or damage by fire, lightning, tempest, earthquake, hail, frost, snow, explosion (other than explosion of steam boilers or flywheels), breakage or leakage of sprinklers or other apparatus erected for extinguishing fires, and on such apparatus against accidental injury; and against liability of the insured for such loss or damage; and on automobiles against loss or damage from collision or theft, and against liability of the owner or user for injury to person or property caused by his automobile.

Third. Against bodily injury or death by accident, and against disablement resulting from sickness, and every insurance appertaining thereto, including quarantine and identification.

Fourth. Against liability of the insured for the death or disability of another.

Fifth. Against loss of or damage to property resulting from causes other than fire, marine and inland navigation hazards, and against liability of the insured for such loss or damage, and on motor vehicles against fire, marine and inland navigation hazards, and against personal injury and death, and liability of the insured therefor, from explosions of steam boilers and engines, pipes and machinery connected therewith, and breakage of flywheels or machinery, and to make and certify inspections thereof; and against loss of use and occupancy from any cause; against loss by burglary, theft, and forgery.

Sixth. Against loss or damage from failure of debtors to pay their obligations to the insured.

Seventh. Against loss from encumbrances on or defects in titles.

Eighth. Against loss or damage by theft, injury, sickness, or death of animals, and to furnish veterinary services.

Ninth. Against any loss or liability arising from any other casualty or hazard not contrary to public policy, other than that appertaining to or connected with (1) life insurance (including the granting of endowments and annuities), and (2) fidelity and surety bonding.

An insurance company organized for the transaction of one or more of the kinds of insurance permitted under subdivisions 3 to 9, inclusive, of this section, shall also, if complying with this act, be admitted or licensed to write any or all insurance and reinsurance comprised in any one or more of the other subdivisions of this section: *Provided*, That nothing in this section shall be construed as preventing any insurance company, now formed, admitted, or licensed to transact insurance in the District, from continuing the writing of those kinds of insurance which it may have been authorized to write on the date when this act goes into effect.

Every company formed, admitted, or licensed to transact in the District any of the kinds of insurance permitted by the several numbered subdivisions of this section shall maintain separate and distinct reserves for each kind of insurance so written, and if a stock company shall not transact the business of insurance in the District unless—

(a) It has a capital stock actually paid in, in cash or invested as provided by law, of at least \$100,000 for the insurance specified in any one subdivision of this section, nor unless it has a surplus of money or other lawful assets over its authorized capital and all other liabilities of at least \$50,000.

(b) With an additional \$50,000 of capital stock and \$25,000 of surplus for the insurance authorized by any other subdivision of this section and which may be transacted by such company.

(c) That every company writing more than one class of insurance, as authorized in the several subdivisions of this section, shall keep a separate account of all receipts in respect to each class of insurance, as directed by the superintendent, and the receipts in respect to each class of insurance shall be carried to and form a separate insurance fund with an appropriate name, which fund, exclusive of the capital stock and general surplus of the company, shall be as absolutely the security of the policyholders of that class as though it belonged to a company writing no other business than the insurance business of that class, and shall not be liable for any contracts of the company for which it would not have been liable had the business of the company been only that of insurance of that class, and shall not be applied, directly or indirectly, for any purposes other than those of the class of insurance to which the fund is applicable: *Provided*, That nothing in this subsection shall require the investments of any such fund to be kept separate from the investments of any other fund: *Provided further*, That nothing in this subsection shall be construed as preventing a company, at the end of each calendar—

Mr. JONES of Texas. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. JONES of Texas. Mr. Chairman, I desire to ask the gentleman from Pennsylvania a question. I notice in the last subdivision on page 5 there is a pretty broad authorization for engaging in practically all kinds of insurance, which does not seem to me to be limited in any sense to marine insurance. I notice also on page 12 a provision with reference to taxes,

which prescribes the only taxes that can be levied against the company. I was wondering if these two provisions taken together will interfere with State laws which govern the operation of insurance companies within the States.

Mr. EDMONDS. No; because any insurance company formed under this act in the District of Columbia could not do business in your State without compliance with the State laws, and that would probably cover everything except the tax. In your State it would cover the ordinary tax paid by your company. If a company went into your State and undertook to do business, it would be forced to comply with the State tax laws and all other laws. Therefore the only advantage to this company would be in the District of Columbia, or in some State that had the same kind of tax.

Mr. JONES of Texas. Suppose the law of my State required certain conditions, and among them the payment of certain taxes. This bill provides that only certain specified taxes may be levied. Would that not supersede the State law?

Mr. EDMONDS. This is not a national law. This is a law to allow the incorporation of insurance companies in the District of Columbia. It operates only in the District of Columbia.

Mr. JONES of Texas. It authorizes reinsurance in the States.

Mr. EDMONDS. That is true to-day, but they do the reinsurance abroad. Now, we are trying to keep it here. Reinsurance would not affect you at all.

Mr. JONES of Texas. I know. If this were confined exclusively to marine insurance, I would not have any fears along the line of my suggestion, but it seems to me, when you take all these nine different subdivisions in conjunction, you cover all lines of insurance except these last two that are mentioned here—life insurance and fidelity and bonding insurance.

Mr. EDMONDS. While we agree that the bill allows the formation of a multiple line of insurance, yet these definitions are put in here merely to give a definite basis. We had to prepare the definitions. Unfortunately, under the District Code they have not those definitions as to the different kinds of insurance.

Mr. MANN. Is it not a fact that this bill only gives right to the District of Columbia, and if a company does business in any other State it does business precisely as any other company organized in the States? For instance, a company organized in Illinois can only do insurance business in Texas under the laws of the State of Texas. This would be identically the case with this company. This company has no greater rights outside of the District of Columbia than an insurance company of Illinois has outside of the State of Illinois.

Mr. JONES of Texas. The gentleman feels sure that this bill does not confer any rights outside of the District of Columbia?

Mr. EDMONDS. Absolutely.

Mr. MANN. There is no question about that.

Mr. JONES of Texas. Sometimes we attempt to do things that we are not authorized to do.

Mr. MANN. It is a proper inquiry to make, but it can not be done.

Mr. WALSH. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Massachusetts is recognized for five minutes.

Mr. WALSH. Why the exception in lines 4 and 5 on page 4? It seems to be very general in its scope, and I wondered why they eliminated the exception of steam boilers and flywheels.

Mr. EDMONDS. That is not an exception. That is an inclusion.

Mr. WALSH. There is an exception, "other than explosions of steam boilers or flywheels."

Mr. EDMONDS. That is in lines 1 and 2. I thought the gentleman referred to lines 4 and 5.

Mr. WALSH. I beg the gentleman's pardon. I meant lines 1 and 2.

Mr. EDMONDS. I think that comes under another class of insurance.

Mr. WALSH. Probably the gentleman is correct about that.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 4. That no domestic mutual company shall be organized or licensed within the District unless it has applications from at least 200 persons for each class of insurance (as enumerated under the several subdivisions of section 3) it may be authorized to write aggregating not less than \$500,000, the maximum amount of insurance applied for in any application on any risk not exceeding one-half of 1 per cent of the aggregate amount, nor 3 times the average amount of insurance applied for in the several applications. No such mutual company shall be so licensed for any of the classes of insurance as allowed under the several subdivisions of section 3 unless it has received in cash, with

respect to each such class of insurance written, at least one advanced periodical premium on each such application, aggregating at least \$10,000; but if the applications are for employers' liability or workmen's compensation insurance the premiums on such applications shall aggregate at least \$25,000, and each employer shall be considered a separate risk; nor unless it has a surplus of \$10,000 in money or other lawful investments above its liabilities, including the liability equal to the aggregate amount of premiums so advanced.

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Arkansas moves to strike out the last word.

Mr. WINGO. I would like to ask the chairman of the committee or the gentleman from Pennsylvania [Mr. EDMONDS] what reserves are required under this bill?

Mr. EDMONDS. The usual reserve required of insurance companies by the best insurance practice. Under the multiple-insurance plan what would happen would be this: A company would pick out the several lines of business that it wanted to enter into, and the commissioner would require a certain reserve to be kept up under that separate line.

Mr. WINGO. That is what I wanted to get at. There is no law now fixing the reserve?

Mr. EDMONDS. No. There is no law now fixing the reserve. But it would require in each special line the necessary reserve for that line. Then the profits from that line would be turned over to the parent company. This is the English system. It would be like four separate companies under one roof. Now, if one line makes money, that money goes into the surplus fund of the central company. If one line loses money, the surplus fund in the central company makes it up. These English companies are more secure financially, very much stronger because they do that. They carry out their insurance business in that manner. They have lines on which they lose money every year, lines that if necessary for competition can afford to lose money every year, because they make it up on the other lines by the rates that they fix.

Mr. WINGO. I am not familiar with insurance reserves at all, but can the gentleman indicate in a general way what are the reserves required?

Mr. EDMONDS. I have heard Dr. Griffith, the District insurance commissioner, make a statement about that. Dr. Huebner and Dr. Griffith and Mr. Dean of the Shipping Board and myself went over that one night.

Mr. WINGO. What is the general rule which they use in determining the amount of the reserve?

Mr. EDMONDS. I really could not tell the gentleman. All I know is that Dr. Griffith told us that the reserves required in the District of Columbia were about the same as those required in the States of New York, Pennsylvania, and Massachusetts, and he went on to state what they were. There are tables of insurance practice that are published, and the companies as a general thing follow those lines, the laws of the different States requiring certain percentages of reserves, and whatever is the best practice the companies are required by the insurance commissioners to carry out.

Mr. WINGO. Then the requirements of insurance are very much like the banking law, that the fixed legal reserve is not an arbitrary one, but is predicated upon the past experience of the companies?

Mr. EDMONDS. That is it exactly.

Mr. WINGO. Based on what experience shows to be the necessary amount to carry as a reserve?

Mr. EDMONDS. That is it exactly.

Mr. WINGO. You do not now undertake to disturb the reserve provided by existing law?

Mr. EDMONDS. Absolutely not.

Mr. WINGO. And that reserve is predicated upon the experience of insurance companies?

Mr. EDMONDS. That is true. I could not give the gentleman the amount. It is different in different lines. I know that.

Mr. WINGO. I have got the information I want. You do not undertake to fix arbitrarily a reserve other than that which now exists by law?

Mr. EDMONDS. That is correct.

Mr. WINGO. And that is founded upon experience?

Mr. EDMONDS. Yes. We are not endeavoring to disturb the basic law of the District of Columbia at all. We want the insurance business carried on exactly the same as it has been in the past, with the exception that we are changing the way of doing it.

Mr. WINGO. That information is satisfactory.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

SEC. 5. That an insurance company organized under laws other than the laws of the District and desiring to transact business in the District shall satisfy the superintendent that it has, if a capital stock company, a paid-up capital and a surplus of assets, invested in accordance with the laws of the State under which it is organized, over its entire authorized capital and all other liabilities, at least equal to the capital and surplus prescribed under section 3 of this act for the writing of various kinds of insurance; and, if a company without capital stock or an interinsurance exchange, that it has a surplus of assets, invested according to the laws of the State under which it is organized, over all its liabilities, of \$100,000; or if a mutual company other than a life insurance company, that it has a surplus over liabilities amounting to \$100,000, or in lieu thereof a surplus amounting to \$10,000 and an additional contingent liability of its policyholders equal to not less than the cash premium expressed in the policies in force; or if a company organized under a foreign Government, Province, or State, that it has a surplus of assets invested according to the laws of the District or of the State in the United States where it has its deposit, held in the United States in trust for the benefit and security of all its policyholders in the United States, over all its liabilities in the United States, of at least \$150,000, and, if writing more than one class of insurance as enumerated and allowed under section 3 of this act, an additional \$75,000 for each such additional kind of insurance written; and such company so organized under the laws of a foreign Government or State shall also either deposit with the superintendent securities of the amount and value of \$150,000 (or such larger amount as may be required by this section if the company writes more than one class of insurance) and of the classes in which insurance companies are permitted by this act to make investments, or with the official of a State of the United States, authorized by the law of such State to accept such deposit, securities of the amount and value of \$150,000 (or such larger amount as may be required by this section if the company writes more than one class of insurance), of the classes in which life insurance companies of such State are permitted to make their investments, and such deposits shall be made for the benefit and security of all the policyholders of such company in the United States, and the company shall file with the superintendent the certificate of such official of any such deposit with such official of any such State.

Mr. LONDON. I move to strike out the last word, for the purpose of asking the chairman the following question: How do the requirements of foreign Governments with reference to American insurance companies compare with the requirements imposed in this bill upon foreign insurance companies? In other words, the question of mutuality often arises in these cases.

Mr. EDMONDS. I am of the opinion that it would be easier for an American company to go into most foreign countries and establish a business there than for a foreign company to conform to our requirements; but we have followed out the general rule of the different States, making the requirements about the same.

Mr. LONDON. If this bill becomes a law it will be a law passed by the General Government, and for that reason I should think the requirements should not be made more severe than those exacted by foreign Governments from American insurance companies.

Mr. EDMONDS. Of course, we did not investigate the requirements of foreign Governments as to American companies. I do know, as a matter of fact, that in the countries where the insurance laws are in a strong and healthy condition—that is, in England, Germany, and some of those countries—they do have a requirement of a deposit in order to meet losses by the company coming into their country from a foreign country and having no legal responsibility in that country, and I think they are right in that. It is virtually a reserve sum; but I believe you could probably go into China and Portugal and Spain and a number of countries and start an insurance company with very little trouble. For that reason countries like Spain and France and Portugal have not the same standing in the insurance world that England has, for instance.

Mr. LONDON. The gentleman's impression is that the conditions imposed by this bill are more exacting than those imposed by foreign Governments?

Mr. EDMONDS. A little, but not much.

Mr. LONDON. I withdraw the pro forma amendment.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

CHAPTER V.—TAXES.

SEC. 8. That with the exception of license fees, real estate and personal property taxes, and a tax on investment income derived from funds representing reserves, capital stock, and surplus as defined by this act, every insurance company organized, admitted, or licensed to transact business within the District shall, with respect to marine insurance written by it within the District, be taxed only on that proportion of the total underwriting profit of the company from marine insurance written within the United States which the net premiums of the company from marine insurance written within the District bear to the total net marine premiums of the company written within the United States. The term "underwriting profit," as used herein, shall be arrived at by deducting from the premiums earned on marine insurance contracts written within the United States during the calendar year (1) the losses incurred and (2) expenses incurred, including all taxes, in connection with such business.

Premiums earned on marine insurance contracts written during the calendar year shall be arrived at as follows:

(1) Gross premiums on marine insurance contracts written during the calendar year, less return premiums and premiums paid for reinsurance.

(2) Add unearned premiums on outstanding marine business at the end of the preceding calendar year.

(3) Deduct unearned premiums on outstanding marine business at the end of the current calendar year.

Losses incurred, as used herein, shall mean gross losses incurred during the calendar year under marine insurance contracts written within the United States, less reinsurance claims collected or collectible and salvages or recoveries collected or collectible from any source applicable to aforesaid losses.

Expenses incurred shall include—

(1) Specific expenses incurred, consisting of all agency commissions, agency expenses, taxes, licenses, fees, loss-adjustment expenses, and all other expenses incurred directly and specifically for the purpose of doing a marine insurance business.

(2) General expenses incurred, consisting of that proportion of general or overhead expenses, such as salaries of officers and employees, printing and stationery, all Federal Government taxes, and all other expenses not chargeable specifically to a particular class of insurance which the net premiums received from marine insurance bear to the total net premiums received by the company from all classes of insurance written during the current calendar year.

Mr. WINGO. Mr. Chairman, I move to strike out the last word. Just what is the rule of taxation carried in this bill? Do you not put insurance companies on a preferred basis as far as taxation is concerned?

Mr. EDMONDS. Only in so far that we tax the net profits instead of the premiums. At present most of the States tax gross premiums. In fact, I think all of the States do that. We propose to tax the net profits of the companies, and the endeavor is that in the tax we impose we shall get about the same return that we do to-day from the tax on premiums.

Mr. WINGO. Does the gentleman mean to say that the tax on investment income is the same thing as net profits?

Mr. EDMONDS. The question of investment income is a mooted question and quite conflicting. We placed the tax on investment income in the bill at the request of the District commissioner. I believe there is a controversy as to what is investment income and how it should be paid and what kind of a tax should be paid on it. But the District commissioner seems to think that it is the proper thing.

Mr. WINGO. I am not familiar with the tax laws of the District. Take any other corporation in the District. Is a tax paid on the capital investment? Do you have a tax on the corporation or an income tax or a mixed system?

Mr. EDMONDS. I did not look that up as to other corporations in the District.

Mr. WINGO. Of course, they all pay taxes on real estate, but I notice that you provide in here that with the exception of license fees, real estate taxes, personal property, investment income, capital stock surplus as defined by the act—

Mr. EDMONDS. They pay a real estate tax—

Mr. WINGO. There is no dispute about that; all pay real estate tax. If you have a stock tax in arriving at what would be assessable value of the stock, you of course would deduct the assessable value of the real estate from the total assessable value of the stock, so that you would not have double taxation. I assume there is no dispute about that; but the point I am getting at is that you except other things subject to the protection of the laws of the District, and getting the benefit of protection you provide that it can only be taxed "on that proportion of the total underwriting profits of the company from marine insurance written within the United States which the net premiums of the company from marine insurance written within the District bear to the total net marine premiums of the company written within the United States." Is not that further exemption from taxation?

Mr. MANN. Under this bill they tax all tangible property here. Then it is proposed instead of taxing all of the business of the company where it receives premium from marine insurance only to tax that portion which is earned in the District of Columbia.

Mr. WINGO. I do not think that provision does it. That may be what they intended.

Mr. MANN. This provision does it, and that is plainly the purpose of it.

Mr. WINGO. It says tax only "that proportion of the total underwriting profit of the company from marine insurance written within the United States which the net premiums of the company from marine insurance written within the District bear to the total net premiums of the company written within the United States." I think the gentleman is correct, and that is what is intended?

Mr. MANN. Yes.

Mr. WINGO. In other words, you tax the tangible property like other corporations; you do not make any change in that. Then the intangible property is taxed on the net profits grow-

ing out of premiums they received in the District of Columbia business.

Mr. MANN. Yes.

Mr. WINGO. In arriving at that you take the proportion that the District business bears to the portion of the whole business earned in the United States, and you say that arbitrarily shall be the proportion of the intangible tax that should be assessed in the District.

Mr. MANN. Yes; on the receipts of the business.

Mr. WINGO. Now as to deductions. Do you permit them to deduct all taxes they pay, including Federal taxes? The bill seems to provide for that. In other words, as expenses of the business, do you permit them to take credit for all taxes they pay, including Federal taxes?

Mr. MANN. Only on the net income of the company.

Mr. WINGO. Is the corporation permitted to charge up and deduct Federal taxes?

Mr. MANN. No; I think not.

Mr. WINGO. I fear the gentleman is in error. In this provision you specifically authorize them to deduct "specific expenses incurred, consisting of all agency commissions, agency expenses, taxes, licenses, fees," and then, under general expenses, you permit them to deduct Federal taxes. Will you name any other corporation in the District that has that privilege on intangible property? I am not sure about this matter, and am seeking information.

Mr. EDMONDS. I do not think that is intended in that way.

Mr. WINGO. That is the reason I called the gentleman's attention to it. My impression is that neither an individual nor a corporation under any of our laws is given that privilege. The gentleman is not given that privilege in his own business.

Mr. EDMONDS. No.

Mr. WINGO. And when you pay your Federal income tax you are not permitted to deduct that which you have paid theretofore.

Mr. MANN. And these people will not do it when they come to make their return for the Federal income tax.

Mr. WINGO. But they will on the income in figuring out their net profits.

Mr. MANN. Wherever any company is taxed on its net income, of course it deducts the taxes that it has paid, because that comes out of the income. That does not relate to the return for income taxes of this company or anyone else.

Mr. WINGO. It is a specific kind of income tax that we are discussing. We are not talking about Federal income tax.

Mr. MANN. But it is not what we call the income tax.

Mr. WINGO. I know, but it is a species of income tax, and it is comparable to the income tax that some States impose on corporations. Is it not comparable with the income tax paid in the State of New York?

Mr. MANN. I think in all of those cases, as it was with the Federal income tax when it was first started, where you tax the net income the taxes are deducted as a proper expense.

Mr. WINGO. Has not the State of New York followed the policy of the Federal Government and taken away the privilege of deducting the Federal tax?

Mr. EDMONDS. I do not think it was intended to do that in this bill. I do not think they had any idea of changing the situation with reference to the Federal tax on any corporation.

Mr. WINGO. It is not a question of affecting the Federal income taxes. Here you are giving them an exemption. In other words, here is an insurance company in a building down town, and when it comes to make up its taxes for the District of Columbia, for the purpose of arriving at its net income under this intangible tax, it takes credit for taxes paid the Federal Government, while right across the hall in the same building would be another business corporation that would not be permitted to charge up either as general or specific expenses for the purpose of fixing its intangible tax for the District the Federal taxes that it had paid. That would be a discrimination.

Mr. MANN. There is no tax here that I know of on a net income or profit of any corporation.

Mr. WINGO. But the question is how you fix the net income. The net income represents the income after allowance is made for all deductions, and you can deduct taxes paid both to the State and to the Federal Government. There will be corporations in the District of Columbia that in figuring the same tax and arriving at their net income will not be permitted to include Federal taxes.

Mr. MANN. They include Federal taxes in cases where you tax the net income, and the only exception, and that was made only recently, is in the Federal income tax return, where they do not allow you to deduct the Federal tax paid by you.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WINGO. Then some corporation in the District that would have to account to the Federal Government for the principal part of its tax would be denied a deduction of general expenses that this insurance company in the same building would be permitted to take?

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. MOORE of Virginia. Suppose the State of Arkansas undertook to organize corporations under a bill such as this. This right to deduct Federal taxes in the District of Columbia would apply here, but would it apply to the company organized in Arkansas? In other words, the revenue act under which we live now denies to the company organized in Arkansas the right to deduct the Federal tax, and we will give it to the company organized in the District of Columbia.

Mr. WINGO. I do not think there is any question about that.

Mr. MANN. But an Arkansas corporation would not pay any taxes here unless it had property here. It would pay a tax on its income.

Mr. WINGO. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WINGO: Page 14, lines 9 and 10, strike out "all Federal Government taxes."

Mr. EDMONDS. I agree to that.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. Wingo) there were—ayes 21, noes 24.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 14, line 8, strike out the words "overhead expenses, such as salaries of officers and employees," and in line 10 strike out the words "Government taxes."

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that the committee has just voted on the question of the elimination of the words "all Federal Government taxes."

The CHAIRMAN. The gentleman has offered a separate amendment.

Mr. MANN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MANN. As I understand the gentleman's amendment, he proposes to leave in the language "all Federal and other expenses"?

Mr. BLANTON. Oh, this is merely a pro forma amendment to permit me to discuss a question that is in order under that language.

In section 29, which we have not reached yet, it provides the following new officers: The superintendent of insurance is authorized to appoint, in addition to the present force, an examiner at \$3,000 per annum, a clerk-stenographer at \$1,800 per annum, and to increase the contingent expenses of the insurance department in the sum of \$800 a year. That is going to require more Government taxes in order to pay these extra officeholders. Most of it comes out of the Federal Treasury and the people have to pay it in Government taxes. That is another reason why this bill should not be passed. Nearly every time we have a committee call up a bill they can not do it without having new officeholders and new salaries to be paid and extra Government taxes to be taken out of the pockets of the people. That led me to say awhile ago that we already have plenty of laws, already have plenty of marine insurance companies, we already have plenty of other companies doing business in the United States. And that is another reason why this bill should not pass, and I think we ought to have a quorum here, and I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point of order that there is no quorum present. The Chair will count.

Mr. MANN. That is the result of the gentleman's five-minute speech; he drove everybody out.

The CHAIRMAN. [After counting.] Seventy-two gentlemen are present, not a quorum, and the Clerk will call the roll.

The Clerk called the roll and the following gentlemen failed to answer to their names:

Ansdorge	Brand	Browne, Wis.	Cannon
Bird	Brennan	Burroughs	Cantrill
Blakeney	Brinson	Butler	Chandler, N. Y.
Bond	Britten	Campbell, Kans.	Chandler, Okla.

Clague	Hill	Mapes	Sabath
Clark, Fla.	Houghton	Michaelson	Scott, Mich.
Classon	Hukriede	Mills	Scott, Tenn.
Codd	Humphreys	Montague	Shaw
Cole, Ohio	Ireland	Montoya	Snell
Connolly, Pa.	James	Moore, Ill.	Speaks
Cooper, Ohio	Jefferis, Nebr.	Morin	Sprout
Copley	Johnson, Ky.	Mudd	Stevenson
Coughlin	Johnson, S. Dak.	Newton, Mo.	Stiness
Cullen	Jones, Pa.	O'Brien	Strong, Pa.
Deal	Kahn	Ogden	Sullivan
Drane	Keller	Padgett	Taylor, Colo.
Driver	Kelley, Mich.	Paige	Ten Eyck
Dunbar	Ketcham	Parker, N. Y.	Thomas
Dunn	Kiess	Farrish	Tilson
Dupré	Kinkaid	Patterson, N. J.	Tincher
Dyer	Kitchin	Patterson, Mo.	Tyson
Echols	Knight	Perkins	Upshaw
Faust	Kraus	Porter	Vare
Fish	Kreider	Rainey, Ala.	Ward, N. Y.
Freeman	Kunz	Reavis	Wheeler
Frothingham	Lampert	Reber	Williams
Gallivan	Langley	Riordan	Winslow
Garrett, Tex.	Lankford	Robertson	Wise
Goodykoontz	Lawrence	Robison	Wood, Ind.
Gorman	Lee, N. Y.	Rogers	Woods, Va.
Gould	McKenzie	Rose	Wurzbach
Graham, Pa.	McLaughlin, Nebr.	Rosenbloom	Wyant
Greene, Vt.	MacGregor	Rucker	Yates
Hays	Mansfield	Ryan	

The committee rose; and the Speaker having resumed the chair, Mr. McARTHUR, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2265, finding itself without a quorum, under the rule he caused the roll to be called, whereupon 295 Members answered to their names, a quorum, and he submitted the list for publication in the Journal.

The SPEAKER. The committee will resume its session.

The CHAIRMAN. At the time the point of no quorum was made the gentleman from Texas [Mr. BLANTON] submitted an amendment.

Mr. BLANTON. That, Mr. Chairman, was a pro forma amendment, and I desire to withdraw it.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

There was no objection.

Mr. JONES of Texas. Mr. Chairman, I move to strike out the last word. I wish to ask the chairman a question. Is it the intention of the committee to exempt these companies from the payment of any taxes on any foreign business they may do?

Mr. EDMONDS. The gentleman means outside the District? In insurance parlance foreign business means outside the District of Columbia.

Mr. JONES of Texas. I mean business in foreign countries.

Mr. EDMONDS. That would depend entirely on the profit they would make. Their business in foreign countries would be taxed when it became part of the profits of their company.

Mr. JONES of Texas. I just wanted to call the attention of the gentleman to the fact that the limit of taxes under the section we have under consideration is for business written within the United States. It says they shall only pay taxes on that business, but in a later provision, page 28, it makes their foreign business subject to taxes provided in section 5, and as I read these two provisions in connection the company would be absolutely exempt from any of the revenue laws of this country for business done in foreign countries under the provisions of chapter 8. I do not know that is intended.

Mr. MANN. What language in the bill did the gentleman first refer to?

Mr. JONES of Texas. The language here which says at the bottom of page 12 to the effect that they shall be taxed only on that proportion of the total underwriting profit of the company from marine insurance written within the United States.

Mr. MANN. I know, but we tax the District business only in proportion to that written in the United States. It has nothing to do with the question of taxes otherwise. That is taxes with reference to marine insurance written by them within the District of Columbia.

Mr. JONES of Texas. I am rather inclined to think that is the intention of the committee, but I was afraid as it starts off if they shall be taxed only on that it might not be exactly the meaning intended.

Mr. MANN. The business in the District is taxed only in proportion to the business between that done in the District and the United States, and that is all it says.

Mr. JONES of Texas. That is all the last part of the language says, but it sets out certain exceptions here, and it says "shall be taxed only in proportion of the total underwriting profit of the company."

Mr. MANN. Marine insurance written here within the District shall be taxed only in proportion, and it says that.

Mr. JONES of Texas. It does not say that exactly. If it says that it taxes only on the business done within the District,

that would be a different expression, but it says the company shall be taxed only; in other words, there shall be no other tax.

Mr. MANN. I know; but it says, respecting marine insurance written by it in the District of Columbia, it "shall be taxed only," and so forth. It relates only to the business done in the District.

Mr. JONES of Texas. I am not sure that that is the correct construction, and especially in view of the stipulation that is put in at the end of section 21.

Mr. MANN. That is another matter.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

Sec. 9. That every company transacting marine insurance in the District shall set forth in its annual statement to the superintendent, and in the form prescribed by him, all the items pertaining to its insurance business as enumerated and prescribed in the preceding section. To determine the basis of the tax on underwriting profit, every company which has been writing marine insurance for five years shall furnish the superintendent a statement of all of the aforementioned items, in the form prescribed by him, for each of the preceding five calendar years. A company shall furnish to the superintendent a statement of all the aforementioned items for each of the calendar years during which it has written marine insurance.

If the superintendent finds the report of the company reporting correct, he shall, if the company has transacted marine insurance for five years, (1) ascertain the total average annual underwriting profit, as defined by this act, derived by the company from its marine insurance business written within the United States during the last preceding five calendar years, (2) ascertain the proportion which the average net annual premiums of the company from marine insurance written by it in the District during the last preceding five calendar years bear to the average total net marine premiums of the company during the same five years, (3) compute an amount of 5 per cent on this proportion of the aforementioned average annual underwriting profit of the company from marine insurance, and (4) charge the amount of tax thus computed to such company as a tax upon the marine insurance written by it in the District during the current calendar year. Thereafter the superintendent shall each year compute the tax, according to the method described in this section, upon the average annual underwriting profit of such company from marine insurance during the preceding five years, including the current calendar year; namely, at the expiration of each current calendar year, the profit or loss on the marine insurance business of that year is to be added or deducted, and the profit or loss upon the marine insurance business of the first calendar year of the preceding five-year period is to be dropped, so that the computation of underwriting profit for purposes of taxation under this act will always be on a five-year average: *Provided, however*, That a company which has not been writing marine insurance in the District for five years shall, until it has transacted such business in the District for that number of years, be taxed on the basis of the annual average underwriting profit on marine insurance written within the United States during the preceding five years as averaged for all companies reporting to the superintendent for the current calendar year and which have been transacting marine insurance in the District for the past five years: *Provided further*, That, if at any time none of the companies reporting to the superintendent shall have written marine insurance in the District for five years, a company which has not been writing marine insurance in the District for five years shall be taxed on the basis of an annual average underwriting profit as averaged for all companies reporting to the superintendent for the number of years during which they have written marine insurance in the District, subject, however, to an adjustment in the tax as soon as the superintendent, in accordance with the provisions of this section, is enabled to compute the tax on the aforementioned five-year basis: *And provided further*, That in the case of mutual companies the superintendent shall not include in underwriting profit, when computing the tax prescribed by this section, the amounts refunded by such companies on account of premiums previously paid by their policyholders.

When the superintendent has computed the tax on a company's underwriting profit, he shall forthwith mail to the last known address of the principal office of such company a statement of the amount so charged against it, which amount the company shall pay to the collector of taxes within 30 days after receipt of such notice from the superintendent, and no further tax, except the taxes on investment income from funds representing reserves, capital stock, and surplus as prescribed by sections 10 and 11 of this act and the license fee prescribed by section 13, shall be imposed by the District upon such company, or the agents thereof, for the privilege of transacting the business of marine insurance in the District.

Mr. WALSH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last word.

Mr. WALSH. I would like to ask the gentleman from Pennsylvania [Mr. EDMONDS], a member of the Committee on the Merchant Marine and Fisheries, who has introduced this measure in the House, a question relative to the provision at the bottom of page 14 and at the top of page 15:

A company which has not been writing marine insurance for five years shall furnish to the superintendent a statement of all the aforementioned items for each of the calendar years during which it has written marine insurance.

Is it intended that these companies shall furnish that information under the oath of one of its officers?

Mr. EDMONDS. I believe that is required under the present law. Annual statements are required to be made under oath. That is in the present insurance code here.

Mr. WALSH. Would not this supersede the present law?

Mr. EDMONDS. No; I think this is an addition to it.

Mr. WALSH. No; I do not think this is in addition to it; it is a new kind of statement under a provision requiring another kind of information to be furnished. In the next sentence it is provided, "If the superintendent finds the report of the company correct," he shall, and so forth.

Mr. EDMONDS. It says "that every company transacting marine insurance business in the District shall set forth in its annual statement to the superintendent, and in the form prescribed by him, all the items pertaining to insurance business as enumerated and prescribed in the preceding section." The code of the District requires an annual statement to be furnished under oath.

Mr. WALSH. Well, this is applying to companies that have not done marine insurance for five years.

Mr. EDMONDS. No. The idea was that if a company had only done business for three years or two years or one year, it should furnish the statement anyhow. That is to encourage the companies to go into the marine insurance business.

Mr. WALSH. If the gentleman will permit, I appreciate that I am not very clear in the statements I am making in the endeavor to get this information. This section provides that "To determine the basis of the tax on underwriting profit, every company which has been writing marine insurance for five years shall furnish the superintendent a statement of all of the aforementioned items, in the form prescribed by him, for each of the preceding five calendar years."

Mr. EDMONDS. Yes.

Mr. WALSH. Now, that is one kind of a statement to be furnished where they have been doing business for five years. Now, they also furnish a statement of all the aforementioned items if they have not been doing it for five years.

Mr. EDMONDS. Yes.

Mr. WALSH. And I am asking whether or not these statements are under oath?

Mr. EDMONDS. Unquestionably.

Mr. WALSH. Then what is the necessity of the following language: "If the superintendent finds the report of the company reporting correct, he shall, if the company has transacted marine insurance for five years, ascertain," and so forth?

Mr. EDMONDS. That is to separate out the marine insurance for taxation purposes under this bill.

Mr. WALSH. Well, what happens if he finds the report incorrect as to a company that has not been doing business for five years?

Mr. EDMONDS. That is covered, as the code undoubtedly punishes people for furnishing incorrect information.

Mr. WALSH. How long has that been the law?

Mr. EDMONDS. I think that law—the code—has been in existence since 1902, and basically since 1887. All reports are required to be furnished under oath.

Mr. WALSH. Then what is the necessity for this?

Mr. EDMONDS. Simply to arrange for new companies to go into the business, and so make their reports that we can tax them and at the same time not be unfair to them.

Mr. WALSH. Suppose they make a mistake in the report; suppose they make a statement that is not correct?

Mr. LEHLBACH. It is for the obvious purpose that the superintendent shall not be bound by a report which, in fact, upon investigation, he finds to be incorrect. He is not bound by it, and he does not have to function under this act under the basis of an incorrect report. He can correct the report, and then go ahead and function and levy the taxes.

Mr. WALSH. Well, can a company, by filing an erroneous report, delay proceedings so that they will not have to pay any taxes?

Mr. LEHLBACH. If they file an erroneous report they are susceptible to the remedy which the criminal law provides for perjury.

Mr. MANN. The superintendent has the right to have correct reports filed under the District Code.

Mr. LEHLBACH. Certainly; and if a company willfully files an incorrect report for the purpose of delaying the payment of taxes there are plenty of remedies under the code that will punish that sort of procedure so as to make it unprofitable.

Mr. WALSH. Is it the understanding of the gentleman from New Jersey that if a company has been doing business for less than five years under this law they can be required to submit a statement under oath?

Mr. LEHLBACH. I think so.

Mr. WALSH. I would like to know where the authority is. The District code provides that the report and annual statement shall be submitted under oath. This is something entirely in addition to it. It does not refer to that statement, and it does not require it to be under oath. It is a new statement.

Mr. LEHLBACH. It says that every company transacting marine insurance in this District for five years shall set forth in its annual statement to the superintendent all the items in the form and manner prescribed by him. This must be under oath. Then, the section reads:

A company that has not been doing a marine-insurance business in the District for five years shall furnish to the superintendent a statement of all the aforementioned items for each of the calendar years during which it has written marine insurance.

That language, without repeating all this verbiage that goes before it, necessarily must be construed to mean that such statement shall be made in the same form and in the same manner; that is, the statement must be under oath, and in the form that the superintendent requires. That language could all be repeated, but it is not necessary.

Mr. WALSH. Yes; but this statement does not have to be under oath.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

Sec. 11. That, in addition to the taxes, as prescribed under sections 8 to 10, inclusive, of this act, every company organized under the laws of the District and transacting marine insurance therein shall, with respect to marine insurance written in the District, pay a tax of 2 per cent on its investment income from funds representing capital stock and surplus as shown by the company's annual statement. Such investment income shall, for purposes of taxation under this act, be arrived at as follows: Add the gross assets at the beginning and end of the calendar year and strike an average. Add capital stock and surplus at the beginning and end of the year and strike an average. Ascertain the proportion which the average capital stock and surplus bears to average gross assets. Credit to investment income on capital stock and surplus such proportion of all income, except income taxed under section 10 of this act, derived from interest, dividends, rents, and profits on sales or redemption of assets. Charge against investment income on capital stock and surplus such proportion of all losses on sales or redemption of assets.

Should a company subject to this tax be writing other classes of insurance, and the capital stock and surplus referred to herein relate to all the classes of insurance written without being specifically allocated to the several classes of insurance written, then such proportion of the investment income from funds representing capital stock and surplus, computed according to the method prescribed in the preceding paragraph of this section, shall be applicable to marine insurance for purposes of taxation under this section as the net premiums from marine insurance during the calendar year bear to the net premiums of the company from all the classes of insurance written.

Mr. BLANTON. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman makes the point of order that there is no quorum present. The Chair will count.

Mr. BLANTON. At the suggestion of several gentlemen around me, I withdraw the point.

The CHAIRMAN. The gentleman withdraws the point of no quorum.

Mr. WALSH. I move to strike out the last word. I notice that the section just read proposes an additional tax upon the companies authorized to do business under the provisions of this act.

Mr. EDMONDS. This is a tax on their investment income from funds representing capital stock and surplus. It is a tax that is collected by pretty nearly every State on the investment incomes of the insurance companies. It is an excise tax.

Mr. WALSH. One is on the investment income and the other is upon its average earnings on reserves for unpaid losses and unexpired premiums.

Mr. EDMONDS. Insurance companies have large sums of money which they invest as reserves. From these reserves they have a certain income. In order to tax that income, which would otherwise go into surplus, most of the States put a tax on the investment income. This tax of 2 per cent on the investment income was suggested by the commissioner of the District of Columbia.

Mr. WALSH. That is in addition to the 5 per cent on its average income on reserves?

Mr. EDMONDS. This is on the investment income. It is not a part of its underwriting profits. Investment income is entirely separate from underwriting profits. Underwriting profit is what comes out of the premiums paid.

Mr. WALSH. I am not talking about underwriting profits. Section 10 imposes a tax of 5 per cent on the average earnings on reserves for unpaid losses and unexpired premiums.

Mr. EDMONDS. Yes.

Mr. WALSH. Then in addition to that there is 2 per cent on its investment income from funds representing capital stock and surplus as shown by the company's annual statement.

Mr. EDMONDS. There is a difference in different States as to what investment income from the reserve should be considered to be. We tax it as the other States tax it, and there is no particular description here that will in any way affect what other States have done in connection with investment income.

Mr. WALSH. Does the gentleman state that there is no advantage under this scheme?

Mr. EDMONDS. No detriment and no advantage at all.

Mr. WALSH. It is just the same?

Mr. EDMONDS. Just about the same. Some States levy a tax of 1 per cent and some 3 per cent, but it is on exactly the same principle, and the amount was chosen by the insurance commissioner of the District. We asked him what amount he wanted and he said 2 per cent.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

Sec. 13. That in lieu of all other license fees every company writing marine insurance in the District shall pay a single annual fee equal to \$100 if the assets of the company aggregate \$1,000,000 or under, to \$150 if the assets aggregate over \$1,000,000, and do not exceed \$5,000,000, and to \$200 if the assets exceed \$5,000,000. The manner and time of paying this single fee and its remittance to the collector of taxes shall be the same as prescribed under section 9 for the payment of taxes on underwriting profit.

Mr. WALSH. Will the gentleman from Pennsylvania state what is the difference between the amount of license fees charged under this section and the amount paid now?

Mr. EDMONDS. It amounts to about the same thing. Heretofore it has been the custom for the companies to send to the District commissioner's office and get a number of small memoranda and papers that they paid for. They have paid a dollar for some papers and 50 cents for others. It was a source of a good deal of annoyance to the companies and to the commissioner. Now, they are to pay a license fee, and when they pay that license fee they are entitled to secure such papers as they need. The District commissioner said these figures were sufficient to cover a little more than he made out of the companies to-day. It is simply a difference in the form of collecting the same thing.

Mr. WALSH. Would this apply to companies in existence here now?

Mr. EDMONDS. It will apply only to marine companies. We hope it will apply to all of them. We would be glad to have it apply to all of them.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment. If this is a bill authorizing insurance companies under this law to insure all kinds of hazards except life and surety, why does this license fee apply only to marine insurance?

Mr. EDMONDS. I have stated a number of times to-day that marine insurance includes almost every kind of insurance.

Mr. BLANTON. Marine insurance does not include every kind of insurance under the definitions of this bill. It does not embrace all the various kinds of insurance mentioned in the nine different sections.

Mr. EDMONDS. It embraces pretty nearly all of them. The gentleman knows that.

Mr. BLANTON. Because marine insurance is defined in the first section. It says, line 15, page 2, "marine insurance company means any person, company, or associations authorized by this act to write marine insurance within the District." Then in describing what kind of hazards companies formed under this law may insure against, there are nine different subdivisions or sections of definitions of those hazards. The first hazard, subdivision beginning on line 22, page 3, says first on marine risks as described in section 1 of this act under the definition of marine insurance. Second, on property and rent against loss or damage by fire, lightning, tempests, earthquakes, and so forth; third, against bodily injury or death by accident, and so forth; fourth, against liability for the death or disability of another, and so forth; fifth, against loss or damage to property resulting from causes other than fire, and so forth; sixth, against loss or damage from failure of debtors to pay their obligations to the insured; seventh, against loss from encumbrances on or defects in titles, and so forth; eighth, against loss or damage by theft, injury, sickness, or death of animals, and to furnish veterinary services, and so forth; ninth, against any loss or liability arising from any other casualty or hazards not contrary to public policy, and so forth.

If it is going to permit these companies to insure generally, why not provide a license fee generally? The license fee is made applicable only to companies carrying marine insurance. It is not a very large license fee. I know real estate dealers who pay a larger.

Mr. EDMONDS. The superintendent of insurance thought it was sufficient.

Mr. BLANTON. It seems to me to be a clause directed against companies here in the District doing marine insurance and not doing anything else.

Mr. EDMONDS. It is to transpose the local charge made from day to day to an annual license fee. To-day a man in

the insurance business pays a quarter or half a dollar for papers from time to time.

Mr. BLANTON. The companies operating under this law will insure against numerous hazards, everything except life and surety. By reason of the fact that it does marine insurance it pays a license fee. Others doing only marine insurance pay this same fee. It seems to me that this is inequitable.

Mr. EDMONDS. The commissioner thought it was perfectly proper, and he is an expert in the business. I am not.

The CHAIRMAN. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

Sec. 16. That none of the taxes or fees prescribed under sections 8 to 13, inclusive, shall be imposed upon business written within the District by "Syndicate B," a marine-insurance syndicate created by agreement between the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation and a number of subscribing American marine insurance companies, under date of June 28, 1920, for the purpose of insuring all American steel steamships which the United States Shipping Board and/or United States Shipping Board Emergency Fleet Corporation may hereafter sell to others, to the full extent of the unpaid purchase price thereof, and also such other American steel steamships heretofore sold by said Shipping Board and/or by said corporation as are acceptable for insurance to the Syndicate B subscribers.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. I notice in this section this new-fashioned phraseology which has been sought to be put into legislation heretofore by using, in lines 20 and 24, the word "and" with an oblique line and then the word "or." Now, when the other committee of the House brought in legislation with this new-fashioned phraseology it was said it was suggested by some of the experts outside, and the committee decided that one or the other of those words and the oblique line should be eliminated. It seems to me that in this case it ought to be eliminated, and that it will not sacrifice the sense or the effectiveness of the language. We do not write statutes saying "the United States Shipping Board and or the United States Emergency Fleet Corporation." That would not in any wise make less effective the law.

Mr. EDMONDS. Would it make any difference whether it was left in or taken out?

Mr. WALSH. If you leave both of the words in it makes it doubtful what it does mean.

Mr. EDMONDS. This is the usual term in the shipping business. It is used in all policies and in all charter parties.

Mr. WALSH. But it is not used in a single law ever passed by any legislature.

Mr. EDMONDS. I do not know; I never saw it. I agree with the gentleman as far as that is concerned, but I do not think it makes any difference.

Mr. WALSH. It makes a difference in the sense.

Mr. EDMONDS. The gentleman does not mean that all the insurance policies and charter parties are invalid because it has that phraseology in it?

Mr. WALSH. I do not; but I say it does not make sense.

Mr. EDMONDS. If it is used in policies and charter parties, I can not see why it does not make sense.

Mr. WALSH. If that is so, why is it not used all the rest of the way through the bill, wherever you use the word "and" use the diagonal line and the word "or"?

Mr. EDMONDS. Because the Shipping Board admiralty lawyers wrote it in here.

Mr. WALSH. I think you will find that was in the original bill, which was referred many months ago to the Merchant Marine and Fisheries Committee.

I suggest to the gentleman that we not establish a precedent here by including both these words, and that one or the other should be eliminated. Mr. Chairman, I move to amend, in line 20, page 21, after the word "board," by striking out the word "and" and the oblique line; and also in line 24, after the word "board," by striking out the word "and" and the oblique line.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WALSH: Page 21, line 20, after the word "board," strike out the word "and" and the oblique line following it; and also in line 24, after the word "board," strike out the word "and" and the oblique line following it.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FOCHT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. McARTHUR, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 2265 and had come to no resolution thereon.

ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 7077. An act to increase the force and salaries in the Patent Office, and for other purposes.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted to—
Mr. COOPER of Ohio, on account of illness.

Mr. KRAUS (at the request of Mr. PURNELL) for two days, on account of illness.

ADJOURNMENT.

Mr. FOCHT. Mr. Chairman, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock p. m.) the House adjourned until to-morrow, Thursday, February 16, 1922, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

534. A communication from the President of the United States, transmitting a request from the Secretary of State for legislation to make appropriation for the maintenance of the International Latitude Observatory at Ukiah, Calif., to be included in the deficiency appropriation bill now under consideration by Congress (H. Doc. No. 181); to the Committee on Appropriations and ordered to be printed.

535. A communication from the President of the United States, transmitting a communication from the Secretary of the Navy submitting an estimate of appropriation in the sum of \$5,163.26 to pay claims for damages by naval vessels (H. Doc. No. 182); to the Committee on Appropriations and ordered to be printed.

536. A letter from the Secretary of the Treasury, transmitting request that the act approved July 1, 1918, be amended so as to provide that the General Accounting Office can do auditing for the Emergency Fleet Corporation; to the Committee on the Merchant Marine and Fisheries.

537. A letter from the chairman of the Federal Trade Commission, transmitting report of the commission on the Western Pine Manufacturers' Association; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. ANDREWS of Nebraska: Committee on Election of President, Vice President, and Representatives in Congress. H. J. Res. 252. A joint resolution proposing an amendment to the Constitution of the United States; without amendment (Rept. No. 706). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. ROSE: Committee on Claims. S. 1813. An act for the relief of the owner of the steamer *Mayflower*; without amendment (Rept. No. 705). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8898) granting a pension to Horace T. Farnsworth, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. TILLMAN: A bill (H. R. 10441) authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office at Fayetteville, Ark., bearing the words "Semicentennial, University of Arkansas, June 10-14, 1922 (50 years of service)"; to the Committee on the Post Office and Post Roads.

By Mr. TOWNER: A bill (H. R. 10442) to amend an act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of

the Philippine Islands, and to provide a more autonomous government for these islands," approved August 29, 1916, as amended by an act to amend said act approved July 21, 1921; to the Committee on Insular Affairs.

By Mr. SINNOTT: A bill (H. R. 10443) to repeal section 2453 and to amend sections 2450, 2451, and 2456, Revised Statutes of the United States; to the Committee on the Public Lands.

By Mr. LOGAN: Joint resolution (H. J. Res. 269) directing the Secretary of Labor to reconvey to the city of Charleston, S. C., certain land located in said city; to the Committee on Immigration and Naturalization.

By Mr. FORDNEY: Joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia; to the Committee on Ways and Means.

By Mr. JONES of Texas: Joint resolution (H. J. Res. 271) authorizing the Secretary of War to accept the proposal of Henry Ford for the completion and leasing of the dams and plants at Muscle Shoals, and for other purposes; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 10444) granting a pension to Sophia A. Bell; to the Committee on Invalid Pensions.

By Mr. BURROUGHS: A bill (H. R. 10445) granting a pension to Abbie A. Stone; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 10446) granting an increase of pension to John W. Hawkins; to the Committee on Invalid Pensions.

By Mr. DALE: A bill (H. R. 10447) granting a pension to Abbie R. Holbrook; to the Committee on Invalid Pensions.

By Mr. ELLIOTT: A bill (H. R. 10448) granting a pension to Sarah Ellen Stough; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 10449) granting an increase of pension to Elizabeth Loper; to the Committee on Pensions.

By Mr. HAWLEY: A bill (H. R. 10450) granting an increase of pension to Frances E. Drake; to the Committee on Invalid Pensions.

By Mr. KLINE of Pennsylvania: A bill (H. R. 10451) granting a pension to William A. Snyder; to the Committee on Pensions.

By Mr. PARKER of New York: A bill (H. R. 10452) granting a pension to Mary A. Ormsby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10453) granting a pension to Charles D. Robinson; to the Committee on Pensions.

Also, a bill (H. R. 10454) granting an increase of pension to William Wood; to the Committee on Pensions.

By Mr. RADCLIFFE: A bill (H. R. 10455) granting an increase of pension to William Anderson; to the Committee on Pensions.

By Mr. ROBSION: A bill (H. R. 10456) granting an increase of pension to Victoria Anderson; to the Committee on Invalid Pensions.

By Mr. SHAW: A bill (H. R. 10457) granting a pension to Helen Donaldson; to the Committee on Invalid Pensions.

By Mr. SMITH of Michigan: A bill (H. R. 10458) granting an increase of pension to Josephine Timerson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4073. By the SPEAKER (by request): Copy of resolutions adopted by the city council of the city of Quincy, Ill., urging the manufacture and sale of light wines and beer; to the Committee on the Judiciary.

4074. Also (by request), resolutions adopted by the American Association for the Recognition of the Irish Republic; to the Committee on Foreign Affairs.

4075. By Mr. ANSORGE: Petition of Julius Loewith (Inc.), of New York City, protesting against proposed duty on clover, grass, and field seeds; to the Committee on Ways and Means.

4076. Also, petition of the Association of Practical Inventors of America, Timothy D. Gleeson, president, of New York City, urging the War Department to retain the nitrate plant at Muscle Shoals, Ala., for manufacture of nitrates for fertilizing purposes and for the establishment of a national instruction, training, experimenting, and testing bureau for explosive chemists, inspectors, testers, etc., in preparing chemicals used for explosive purposes; to the Committee on Military Affairs.

4077. By Mr. BENHAM: Petition of Keith Ross Post, No. 231, American Legion, of Aurora, Ind., relative to the espionage act; to the Committee on the Judiciary.

4078. By Mr. DAVIS of Tennessee: Petition of various citizens of Wartrace, Tenn., against the imposition of a stamp tax on bank checks; to the Committee on Ways and Means.

4079. By Mr. FENN: Memorial of Orford Chapter, Daughters of the American Revolution, asking legislation for relief of disabled emergency Army officers; to the Committee on Interstate and Foreign Commerce.

4080. By Mr. FULLER: Petition of Wirtz & Wirtz, R. B. Chandler, P. S. Corry & Sons, Allen Buckaloo, and W. J. Hope, secretary De Kalb Motor Club, all of De Kalb, Ill., opposing a Federal tax on automobiles and gasoline; to the Committee on Ways and Means.

4081. By Mr. GALLIVAN: Resolution adopted by Captain John Drum Camp, No. 18, Department of Massachusetts, United Spanish War Veterans, of Boston, Mass., C. C. Preble, adjutant, Thomas A. Kelley, commander, urging Congress to grant to the veterans of the Spanish-American War the same bonus that may be granted to veterans of the World War; also, that there be incorporated in the Smith-McNary bill the same privileges, exemptions, and immunities as are provided for the World War veterans to the veterans of the Spanish-American War; to the Committee on Ways and Means.

4082. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts; also, petition of the Board of Aldermen of the city of Chelsea, Mass., urging the Federal Government to send the Steamship *Leviathan* to the Boston Navy Yard for reconditioning; to the Committee on Naval Affairs.

4083. By Mr. KISSEL: Petition of John Brunner of Brooklyn, N. Y., urging the modification of the eighteenth amendment, as considered by the Ways and Means Committee; to the Committee on Ways and Means.

4084. Also, petition of John Rummel and William Paul, of Brooklyn, N. Y., relative to taxation for the bonus; to the Committee on Ways and Means.

4085. Also, petition of Henry Ford, of Dearborn, Mich., relative to Muscle Shoals; to the Committee on Military Affairs.

4086. By Mr. LINTHICUM: Petition of the Welch Grape Juice Co., of Baltimore, Md., favoring House bill 9903; to the Committee on Interstate and Foreign Commerce.

4087. Also, petition of Harry Louis Baker and G. Harry Stuart, jr., of Baltimore, Md., favoring soldier bonus legislation; to the Committee on Ways and Means.

4088. Also petition of the American Legion post of Baltimore, Md., protesting against any measure which attaches the admittedly just proposal of adjusted compensation to any political measure whatsoever; also protests of McCormick & Co., Townsend, Scott & Son, Mercantile Trust & Deposit Co., Hambleton & Co., Corkran Hill & Co., Stevens Bros., Security Storage & Trust Co., C. Read & Co., and others, all of Baltimore, Md., against the taxation plan for raising the soldier bonus fund; to the Committee on Ways and Means.

4089. By Mr. SINCLAIR: Petition of the Fargo-Moorhead Automotive Trade Association, protesting against the proposed gasoline and horsepower tax on automobiles as a means of raising funds for payment of the soldiers' bonus; to the Committee on Ways and Means.

4090. By Mr. SNELL: Resolutions adopted by Potsdam Grange, No. 39, of Potsdam, N. Y., favoring the passage of the Voigt bill (H. R. 8086); to the Committee on Agriculture.

4091. By Mr. THOMPSON: Resolutions of Ottawa (Ohio) Chapter, Service Star Legion, favoring the passage of the five-point adjusted compensation bill; to the Committee on Ways and Means.

4092. By Mr. WATSON: Resolution passed by United Mine Workers of America in opposition to the Kenyon bill; to the Committee on the Judiciary.

4093. By Mr. WOODYARD: Memorial of James Wood Chapter of the Daughters of the American Revolution, of Parkersburg, W. Va., favoring the passage of the Sterling-Towner educational bill; to the Committee on Education.

4094. By Mr. YOUNG: Petition of J. M. Hellsvig, of Maddock, N. Dak., and 36 others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of producing plus a reasonable profit; to the Committee on Agriculture.

4095. Also, petition of M. N. Stangeland, of Fillmore, N. Dak., and 73 others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of production plus a reasonable profit; to the Committee on Agriculture.

4096. Also, petition of John O. Tweten, of Maddock, N. Dak., and two others, urging the revival of the United States Grain

Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of producing plus a reasonable profit; to the Committee on Agriculture.

4097. Also, petition of Fred J. Argast, of Moffit, N. Dak., and one other, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of producing plus a reasonable profit; to the Committee on Agriculture.

4098. Also, petition of N. E. Brown, of Wolford, N. Dak., and two others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of producing plus a reasonable profit; to the Committee on Agriculture.

4099. Also, petition of B. Benson, of Maddock, N. Dak., and 26 others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of production plus a reasonable profit; to the Committee on Agriculture.

4100. Also, petition of F. J. Yellen, of Bottineau, N. Dak., and four others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of production plus a reasonable profit; to the Committee on Agriculture.

4101. Also, petition of Herman Bjerke, of Hannaford, N. Dak., and 13 others, urging the revival of the United States Grain Corporation, together with the fixing of a guaranteed price for wheat sufficient to cover the cost of production plus a reasonable profit; to the Committee on Agriculture.

4102. Also, petition of J. C. Allen and others, of Baker, N. Dak., urging the passage of the Sinclair bill, to revive the United States Grain Corporation and provide for a guaranteed price on wheat; to the Committee on Agriculture.

4103. Also, petition of the county commissioners of Bottineau County, N. Dak., requesting the passage of an act to authorize the loaning of money by the Government for the purchase of seed grain in drought areas; to the Committee on Agriculture.

4104. Also, petition of the North Dakota Farm Bureau Federation, for an appropriation of \$15,000 with which to conduct experiments for the making of paper out of flax straw; to the Committee on Appropriations.

SENATE.

THURSDAY, February 16, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, Thou hast granted us the privilege of seeing the light of another day. Help us in the understanding of duty, that we may realize the high conceptions of the privilege of serving our generation by Thy will. So direct our thoughts that every problem may have its solution, that every way may be blazed before us, and that we may find ourselves continually turning unto Thee for guidance and grace. Through Jesus Christ our Lord. Amen.

The reading clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

PETITIONS AND MEMORIALS.

Mr. ODDIE presented the petition of C. H. Baker, president of the Lovelock Gun Club, and sundry other citizens of Lovelock, Nev., praying for the enactment of Senate bill 1452, the so-called public shooting ground and game refuge bill, which was ordered to lie on the table.

He also presented the memorial of C. H. Baker, president of the Lovelock Gun Club, and sundry other citizens of Lovelock, Nev., remonstrating against the passage of Senate bill 2670, to authorize the Secretary of the Interior to convey certain lands in the Newlands reclamation project to the Truckee-Carson irrigation district unless the bill be so amended that the rights of citizens of Nevada to hunt game on said lands is forever preserved, which was referred to the Committee on Irrigation and Reclamation.

Mr. WILLIAMS presented the memorial of John H. Dixon and sundry other students of the electrical department of United States Veterans' Bureau Vocational School No. 1, remonstrating against the proposed discontinuance of the above-named school, which was referred to the Committee on Finance.

Mr. CAPPER presented a resolution adopted by the Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, Department of Kansas, of Parsons, Kans., favoring the passage

of House bill 7213, providing for increased pensions for veterans of the Civil War and their widows, which was referred to the Committee on Pensions.

Mr. LODGE presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for the passage of House bill 13, the so-called Dyer antilynching bill, which was referred to the Committee on the Judiciary.

He also presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for the passage of Senate bill 1253, regulating immigration, which was referred to the Committee on Immigration.

He also presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for the passage of House bill 6308, to exclude fraudulent devices and lottery paraphernalia from the mails, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for the passage of House bill 2193, prohibiting importation or use of opium for other than medicinal purposes, which was referred to the Committee on Finance.

He also presented a resolution adopted by the executive committee of the Massachusetts Federation of Churches, of Boston, Mass., favoring relief to the suffering peoples of Austria by deferring for 20 years payment of Austria's debt, which was referred to the Committee on Finance.

He also presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for immediate relief to the peoples of Armenia, which was referred to the Committee on Foreign Relations.

He also presented a petition of the Massachusetts Federation of Churches, of Boston, Mass., praying for the passage of House bill 8626, to regulate interstate and foreign commerce of immoral motion-picture films, which was referred to the Committee on Interstate Commerce.

Mr. LADD presented a telegram in the nature of a memorial of the Automotive Trade Association, of Fargo, N. Dak., remonstrating against the proposed gasoline and horsepower tax on automobiles in connection with the soldiers' bonus plan, etc., which was referred to the Committee on Finance.

He also presented a telegram in the nature of a petition from the Dickinson Rotary Club, of Dickinson, N. Dak., praying that an appropriation of \$5,000,000 be made for the relief of farmers in drought-stricken regions, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the grain growers of Alva, Okla., favoring the passage of Senate bill 2604, the so-called Ladd honest-money bill, which was referred to the Committee on Banking and Currency.

He also presented resolutions of the Parent-Teachers Association, of Courtenay; and of a mass meeting of farmers in Shepherd Township, Walsh County, both in the State of North Dakota, favoring the enactment of legislation reviving the Government Grain Corporation so as to stabilize prices of certain farm products, which were referred to the Committee on Agriculture and Forestry.

He also presented the petitions of Paul Haugen and 10 others of Amidon, Martin K. Saethou and 28 others of Steel, Sarah Hagen and 19 others of Hillsboro, and Martin Tweden and 42 others of Buxton, all in the State of North Dakota, praying for the enactment of legislation reviving the Government Grain Corporation so as to stabilize prices of certain farm products, which were referred to the Committee on Agriculture and Forestry.

REPORTS OF COMMITTEES.

Mr. CAPPER, from the Committee on Military Affairs, to which was referred the bill (S. 995) for the relief of Charles G. Griffa, submitted an adverse report thereon, which was agreed to, and the bill was indefinitely postponed.

He also, from the same committee, to which was referred the bill (S. 996) for the relief of J. W. La Bare, submitted an adverse report thereon (No. 500), which was agreed to and the bill was indefinitely postponed.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (S. 2531) to create a board of accountancy for the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 501) thereon.

Mr. McNARY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 3140) to authorize the Secretary of the Interior in his discretion to extend the time for payment of construction charges under Federal irrigation projects, and for other purposes, reported it with amendments.